State of Washington
& Cowlitz County

Voters' Pamphlet

November 2, 2010 General Election

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& the Cowlitz County Auditor

Message from Secretary of State Sam Reed

We're marking a very special centennial this year – the 100th anniversary of Washington women gaining the right to vote. Every single county voted for suffrage back in 1910, helping pave the way for passage of the 19th Amendment nationally.

"Huzzahs" to all of our women voters – and may we all enjoy the civic pride of voting. It has never been more important for you to have your voice heard by voting for the leaders who will guide our state and country in these challenging times.

In Washington, we will vote for the U.S. Senate; all nine U.S. House seats, including a wide-open race in the 3rd District; decide control of the state Legislature; elect our judges and many local government leaders; and take action on some very important statewide ballot measures and local propositions.

We continue to work together to turn the economy around, to elect capable leaders, redouble our volunteer efforts to meet the most pressing needs in our communities, and keep a civil and positive can-do attitude through it all. I commend you for doing all that you can do to help make this state a better place.

One simple, but very significant act of citizenship I ask of you is that you register to vote, do your homework on the candidates and the issues, and then make sure to cast your ballot. Self-government is a precious right and responsibility, and you owe it to yourself to vote.

Sincerely,

SAM REED
Secretary of State

November 2, 2010 General Election

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Address Confidentiality Program

If you are a victim of domestic violence, sexual assault, trafficking, and/or stalking who has chosen not to register to vote because you are afraid your perpetrator will track you down through voter registration records, the Office of the Secretary of State has a program that might be able to help you.

The Address Confidentiality Program (ACP) works together with community domestic violence and sexual assault programs in an effort to keep crime victims safer. The ACP provides participants with a substitute address that can be used when conducting business with state or local government agencies. ACP participants are eligible to register as Protected Records Voters, meaning the registration information is not public record. All ACP participants must be referred to the program by a local domestic violence or sexual assault advocate who can help develop a comprehensive safety plan.

Need more information? Call the ACP toll-free at (800) 822-1065 or visit **www.sos.wa.gov/acp**.

Voting in Washington State

Voter qualifications

To register to vote, you must be:

A citizen of the United States;

A legal resident of Washington State; and

At least 18 years old by Election Day.

In Washington State, you do not declare political party affiliation when you register to vote.

Voter registration

You may register to vote at **www.vote.wa.gov**. There are registration deadlines prior to each election. If you are a new voter in Washington State, you may register in person at your county elections department up to eight days before an election. The phone number and address of your county elections department is located in the back of this pamphlet. You do not need to register before each election. You do need to update your registration if you move or change your name.

Restoring the right to vote after felony conviction

If you were convicted in Washington State Superior Court, your right to vote is restored as long as you are not either in prison or on community custody for that felony with the Washington State Department of Corrections.

If you were convicted in another state or in federal court, your right to vote is restored as long as you are not incarcerated for that felony.

Services and additional assistance

Contact your county elections department for questions on your voter registration, or assistance on how to fill out and return your ballot. The phone number and address of your county elections department are located in the back of this pamphlet. Contact the Office of the Secretary of State for voters' pamphlets in alternate formats or languages.

This information is also available at **www.vote.wa.gov** or call the Voter Information Hotline at (800) 448-4881.

Replacement ballots

If you are registered to vote by mail or absentee and you didn't receive your ballot, call your county elections department and request a replacement ballot.

Campaign finance information

For state campaigns, contact the Public Disclosure Commission at 711 Capitol Way, Rm 206, PO Box 40908, Olympia, WA 98504-0908, or by phone (360) 753-1111, email pdc@pdc.wa.gov, or **www.pdc.wa.gov**. For federal campaigns, contact the Federal Elections Commission toll free at (800) 424-9530, TDD/TTY at (202) 219-3336 or visit **www.fec.gov.**

Candidates represent themselves—not a political party

In each race, the two candidates who received the most votes in the August Primary appear on your November General Election ballot.

It is possible the two candidates in a race prefer the same party. This is because political parties no longer have a guaranteed spot on the ballot. If two candidates who prefer the same party receive the most votes in the Primary, both will advance to the General Election.

What is "party preference?"

Each candidate for partisan office may state a political party that he or she prefers.

John Doe
(Prefers Republican Party)

A candidate's preference does not imply that the candidate is nominated or endorsed by the party, or that the party approves of or associates with that candidate.

Candidates may choose to not state a political party preference.

Jane Doe
(States No Party Preference)

View election results

On Election Day after 9 p.m. you can view county and statewide election results at **www.vote.wa.gov**.

A century of votes!

1910-2010

You are invited to

A Day of Jubilation

in Olympia

November 8, 2010

Preview Events

November 7, 2010

The events are free and open to the public

For more information about Women's Suffrage in Washington State or A Day of Jubilation, visit the Washington Women's History Consortium at **www.washingtonwomenshistory.org**.

The Ballot Measure Process

The Washington State Constitution affords voters two methods of direct legislative power — the initiative and the referendum.

While differing in process, both initiatives and referenda leave ultimate legislative authority in the hands of the people.

The Initiative

Initiatives to the People – Initiatives to the people, if certified to have sufficient signatures, are submitted for a vote of the people at the next state general election.

Initiatives to the Legislature – Initiatives to the Legislature, if certified to have sufficient signatures, are submitted to the Legislature at its regular session each January.

Any registered voter, acting individually or on behalf of an organization, may propose an initiative to create a new state law or to amend or repeal an existing statute.

To certify an initiative (to the people or to the Legislature), the sponsor must circulate the complete text of the proposal among voters and obtain a number of legal voter signatures equal to 8 percent of the total number of votes cast for the office of Governor at the last regular gubernatorial election.

Initiative measures appearing on the ballot require a simple majority vote to become law (except for gambling or lottery measures, which require 60 percent approval).

The Referendum

Referendum Bills – Referendum bills are proposed laws referred to the electorate by the Legislature.

Referendum Measures – Referendum measures are laws recently passed by the Legislature that are placed on the ballot because of petitions signed by voters.

Any registered voter, acting individually or on behalf of an organization, may demand, by petition, that a law passed by the Legislature be referred to a vote of the electorate prior to its going into effect. Emergency legislation is exempt from the referendum process.

To certify a referendum measure to the ballot, the sponsor must circulate among voters the text of the legislative act to be referred, and obtain a number of legal voter signatures equal to 4 percent of the total number of votes cast for the office of Governor at the last regular gubernatorial election.

A referendum certified to the ballot must receive a simple majority vote to become law (except for gambling and lottery measures, which require 60 percent approval).

Please note: The preceding information is not intended as a substitute for the statutes governing the initiative and referendum processes, but rather should be read in conjunction with them.

For more information go to **www.vote.wa.gov** and click on "Handbook for Filing Initiatives and Referenda in WA State."

voters' pamphlet

art contest

Students in grades 4-5 are invited to enter the Voters' Pamphlet Art Contest. Submit your original art by April 15, 2011. Winning art will appear in the 2011 General Election Voters' Pamphlet.

For more information and complete contest rules, visit www.vote.wa.gov and click on "Just 4 YOU."

Kids' Art Contest Winner

Congratulations to Alexis Takara, a 5th grader at Lister Elementary in Tacoma. In honor of 100 years of women's suffrage in Washington State, the contest theme was "Women's Votes. Women's Voices." Nice work, Alexis!

Initiative Measure

1053

Proposed by initiative petition:

Initiative Measure No. 1053 concerns tax and fee increases imposed by state government.

This measure would restate existing statutory requirements that legislative actions raising taxes must be approved by two-thirds legislative majorities or receive voter approval, and that new or increased fees require majority legislative approval.

Should this measure be enacted into law?
[ ] Yes
[ ] No

The Official Ballot Title and the Explanatory Statement were written by the Attorney General as required by law. The Fiscal Impact Statement was written by the Office of Financial Management as required by law. The Secretary of State is not responsible for the content of arguments or statements (WAC 434-381-180). The complete text of Initiative Measure 1053 begins on page 90.

Explanatory Statement

Written by the Office of the Attorney General

The Law as it Presently Exists

Washington statutes currently impose conditions on tax increases, but the legislature has temporarily suspended their effect. Under these statutes, any action or combination of actions by the legislature that raises taxes may be taken only if approved by a two-thirds vote of each house of the legislature, and then only if state expenditures in a given fiscal year, including new revenue, will not exceed state expenditure limits established in law. These statutes provide that actions resulting in expenditures in excess of the expenditure limit will require approval by the people at a November election, with some exceptions for expenditures made in response to declared emergencies. The 2010 session of the legislature amended these laws to suspend their effect until July 1, 2011.

Washington statutes currently provide that a state fee may not be imposed or increased in any fiscal year without prior legislative approval. This requirement does not apply to assessments made by agricultural commodity commissions or to the forest products commission.

The Effect of the Proposed Measure, if Approved

This measure would reverse the action of the 2010 legislature by replacing the current statute regarding tax increases and the state expenditure limit with a new section reading the same as the pre-2010 version of the law and restating that any action or combination of actions by the legislature that raises taxes may be taken only if approved by at least two-thirds legislative approval in both the house of representatives and the senate. Consequently, for the period beginning with the effective date of this measure, those requirements would be not be suspended.

The measure would rephrase the language relating to increases in state fees, providing that a fee may only be imposed or increased in any fiscal year if approved with majority legislative approval in both the house of representatives and the senate.

Fiscal Impact Statement

Written by the Office of Financial Management

Fiscal Impact

Initiative 1053 would have no direct fiscal impact on state and local revenues, costs, expenditures or indebtedness.

General Assumptions

The initiative's impact is limited to changes in the state legislative process.

Argument For Initiative Measure 1053

Three Times the Voters Have Approved Initiatives Requiring *Either* Two-Thirds Vote of the Legislature or…
… majority vote of the people to raise taxes. Three times. Yet Olympia took it away this year, despite overwhelming citizen opposition. KING 5's poll: 68% thought it was wrong thing to do. When asked whether tax increases should require two-thirds or a majority, a whopping 74% said two-thirds. Voters want tax increases to be *an absolute last resort*.

For the Two Years Following Voters Approval in 2007, I-960 Worked Exactly as Voters Intended
With I-960, tax increases *were* a last resort and Olympia balanced its budgets without raising taxes. This year without I-960, they increased taxes $6.7 billion (cost over first 10 years says state's budget office). I-1053 brings back I-960's protections.

We Need Certainty in Tough Economic Times
The worst thing state government could do is hamper the conditions for economic growth. Washington lost 16,000 jobs this year – only eight states lost more. We need an economic climate where families feel confident, employers expand, job growth is positive. I-1053 provides a stable future, giving families and employers the certainty they need to prosper.

Olympia Faces Another Massive Deficit Because Unsustainable Spending Has Once Again Outstripped Revenue
We simply can't afford to have it all. With I-1053, Olympia will finally be forced to reform government, prioritize spending and re-evaluate existing programs. Without I-1053, they'll resort to job-killing, family-budget-busting tax increases.

Hold Olympia accountable for your tax dollars – vote *yes* on 1053.

Rebuttal of Argument Against

Since 1993, Washington's had the two-thirds requirement. In those 17 years, during legislative sessions when it's been in effect, tax hikes were a last resort resulting in more reform and fewer taxes. When Olympia suspends it (like this year), tax increases become a first resort with less reform and much higher taxes. It shouldn't be easy for government to take more of the people's money. Let's bring back the protection Olympia took away. Vote *yes*.

Argument Prepared by

Erma Turner, beauty shop owner, gathered 2338 signatures, Cle Elum; **Darryl Ehlers**, farmer, husband, father, poet, gathered 1158 signatures, Lynden; **Eric Phillips**, hiker, label company owner, gathered 2073 signatures, Everett; **Larry Stanley**, retired small business owner, active in community, Spokane; **Brad Carlson**, family small business owner, Evergreen Memorial Gardens, Vancouver; **Wes Uhlman**, former Seattle mayor, chair AWB Small Business Council.

Contact: (425) 493-8707; YesOn1053@gmail.com; www.YesOn1053.com

Argument Against Initiative Measure 1053

Things are tough here, but at least we are doing better than other states. The two-thirds majority is a disaster in California, creating gridlock and making it impossible to balance their budget. We don't need that here.

Eyman's 1053: California-style gridlock
The two-thirds requirement may sound good, but 1053 is a prescription for partisan gridlock that will make things worse. California is a mess because of the two-thirds requirement – let's not go down that road. 1053 would mean just 17 legislators (out of 147) on the far left or right could block a balanced proposal to close Washington's budget deficit.

Eyman's 1053 harms our communities
Nobody likes taxes, but they pay for important services like providing a quality education for kids, caring for seniors and public safety. 1053 keeps us from making responsible decisions and taking a balanced approach to the budget crisis. If 1053 had been in place this year, we would have cut 70,000 people from the Basic Health Plan, coverage for another 16,000 kids, slashed nursing home funding, and eliminated thousands of teachers.

Funded by BP and big banks, 1053 protects special interest loopholes
Sponsored by Tim Eyman, 1053 is funded by out-of-state corporate interests that want to preserve massive tax loopholes that benefit them but hurt our communities. In fact, BP Oil is 1053's biggest funder! 1053 is the wrong choice for Washington.

Join teachers, nurses, firefighters, Children's Alliance, Washington Association of Churches, and others: vote *no* on 1053.

Rebuttal of Argument For

Eyman's I-1053 may sound good at first, but beware of unintended consequences. The two-thirds requirement is causing havoc in California, and BP and the big banks are using 1053 to protect costly special tax breaks that shortchange Washington families. If it had been in effect this year, we would have had to make irresponsible cuts like eliminate maternity care, lay off more teachers, and cut home care for seniors. Vote no on 1053.

Argument Prepared by

Jerry Reilly, Chair, Eldercare Alliance; **Rev. Paul Benz**, Director, Lutheran Public Policy Office of Washington State; **Pam Keeley**, Registered Nurse; **Andy Coons**, Middle School Math Teacher, President, Tacoma Education Association; **Greg Merkley**, Kent Firefighter, Washington State Council of Firefighters.

Contact: info@VoteNo1053.com

Initiative Measure

1082

Proposed by initiative petition:

Initiative Measure No. 1082 concerns industrial insurance.

This measure would authorize employers to purchase private industrial insurance beginning July 1, 2012; direct the legislature to enact conforming legislation by March 1, 2012; and eliminate the worker-paid share of medical-benefit premiums.

Should this measure be enacted into law?
[ ] Yes
[ ] No

The Official Ballot Title and the Explanatory Statement were written by the Attorney General as required by law. The Fiscal Impact Statement was written by the Office of Financial Management as required by law. The Secretary of State is not responsible for the content of arguments or statements (WAC 434-381-180). The complete text of Initiative Measure 1082 begins on page 92.

Explanatory Statement

Written by the Office of the Attorney General

The Law as it Presently Exists

The state has laws establishing a system of industrial insurance, administered by the Department of Labor & Industries. With limited exceptions, this system provides medical benefits and other compensation to all employees who suffer illness, disability, or death resulting from employment-related injuries, without regard to questions of fault. Based upon this system, the law prohibits employees from suing their employers for damages for work-related injuries, with limited exceptions.

The Department of Labor & Industries administers an industrial insurance fund which pays the benefits to which injured employees are determined to be entitled. The fund's primary source of revenue is a system of insurance premiums paid into the fund by employers, at rates determined by the Department based on the individual claims experience of the employer, the claim history of particular classes of employers, and the need for revenue to pay the fund's obligations. Employees are assessed by their employers one-half of the amount the employer is required to pay for the medical benefit portion of premiums, with certain exceptions. These amounts are deducted from the employees' pay.

Under current law, every employer covered by the industrial insurance laws must either (1) participate in the state program administered by the Department of Labor & Industries or (2) qualify as a self-insured employer. Self-insured employers qualify by satisfying the Department that they have sufficient financial ability to make prompt and certain payment of compensation and premium assessments charged against those employers. Whether the employer participates in the state program or is self-insured, the Department reviews and decides all employee claims, subject to appeal to the board of industrial insurance appeals, and thereafter to superior court.

The Effect of the Proposed Measure, if Approved

This measure would establish a third option for employers beyond either participating in the state industrial insurance fund or qualifying as self-insurers. Beginning on July 1, 2012, employers could instead purchase industrial insurance from qualified private industrial insurance insurers. Companies could qualify to issue industrial insurance policies through licensing and regulation by the state insurance commissioner. Private industrial insurers would have the same rights and responsibilities under the industrial insurance laws as the Department of Labor & Industries, and claim decisions by private industrial insurers could be appealed in the same manner as claim decisions by the Department.

The measure would create an industrial insurance administrative fund and would direct that appropriations be made to the fund to pay the expenses of the state insurance commissioner and the board of industrial insurance appeals in performing their responsibilities. The measure would establish a joint legislative task force

with members representing the legislature, employers, industrial insurers, and employees. The task force would be directed to develop proposed legislation to conform current statutes to the provisions of this measure. The measure states that the legislature would be required to adopt supplemental legislation implementing this measure by March 1, 2012.

The measure would repeal language authorizing employers to assess their employees for one-half of the amount the employer is required to pay for the medical benefit portion of the premium, and to deduct these amounts from the employees' pay. The entire premium for the medical benefit would be paid by the employer.

Fiscal Impact Statement

Written by the Office of Financial Management

Fiscal Impact

Industrial insurance premium paid into state Trust Funds is estimated to decrease $1.1 billion – $1.43 billion by calendar year 2014 as employers shift to private insurers. State claim costs correspondingly decrease as claims shift from the state to private insurers. State revenue is estimated to increase $61 million – $75 million over five fiscal years. Costs are estimated to increase up to $202 million for the state and $47.25 million for local governments over five fiscal years. Assuming no legislative action to conform statutes to the initiative, industrial insurance premium paid into state Trust Funds and associated costs may increase.

General Assumptions

Some estimates are based on the state's fiscal year (FY) of July 1 through June 30. Some estimates are based on a calendar year (CY).

Existing benefits levels to injured employees are maintained.

Private insurers can provide industrial insurance coverage beginning July 1, 2012.

The state will remain insured by the state's industrial insurance program (State Fund). Local governments that are not self-insured will also remain covered by the State Fund.

Self-insured employers remain self-insured. No assumption is made that self-insured employers will seek industrial insurance from private insurers or the State Fund.

Private insurers will acquire 38.3 percent of the industrial insurance market in CY 2013, growing to 53.3 percent in CY 2014. This assumption is based on the average percentage of State Fund premium in other states with competitive State Fund programs using information from the National Council on Compensation Insurance. Growth in private industrial insurance is based on the assumption that large employers and participants in retrospective rating programs, which represent more than half of the State Fund, are more likely to change to private insurers.

Of the industrial insurance market, 6.2 percent will be referred to the assigned risk plan. This assumption is based on the average percentage of market assigned to risk plans in all states that use information from the National Council on Compensation Insurance.

State and Local Revenue Assumptions

Industrial Insurance Premiums

The state's Industrial Insurance Trust Funds (state Trust Funds) are self-contained funds into which employers pay premiums for no-fault industrial insurance coverage for their employees with the State Fund. The amount of premium deposited into state Trust Funds will decrease as some employers obtain private industrial insurance coverage. However, the amount of premium that will shift to private insurers cannot be precisely estimated because the future competitive market is unknown. Therefore, the fiscal impact statement uses the following range of assumptions for the estimate:

A low range is calculated using State Fund 2010 premium rates. At this rate, premiums paid to private insurers and the assigned risk plan combined is estimated to be $821 million in CY 2013 and $1.1 billion in CY 2014. Therefore, premium paid into state Trust Funds is estimated at $619 million in CY 2013 and $828 million in CY 2014.

A higher range is calculated using State Fund premium at the 2010 actuarially estimated rate, which is increased for wage inflation at 2.5 percent and medical inflation at 5.5 percent. At this rate, premium paid to private insurers and the assigned risk plan combined is estimated to be $1 billion in CY 2013 and $1.43 billion in CY 2014. Therefore, premium deposited into state Trust Funds is estimated at $805 million in CY 2013 and $1.37 billion in CY 2014.

These estimates assume private insurers will collect sufficient premium to cover future cost of living adjustments to benefit levels.

Industrial Insurer License Fees
The private insurers who offer industrial insurance must be licensed by the Office of Insurance Commissioner (OIC). Using the following assumptions, OIC estimates state license fees will be less than $11,000 in FY 2013 and $8,250 each fiscal year thereafter, assuming a total of 320 insurers and 500 agents and brokers (producers) ultimately will be licensed to sell industrial insurance in Washington. Total state revenue from fees is estimated at $27,500 over the next five fiscal years.

Industrial Insurer Assessments
The OIC must collect an assessment from private insurers sufficient to cover OIC's costs to administer its duties. The OIC estimates state assessments of $3.3 million in FY 2013, $3.6 million in FY 2014 and $3.7 million in FY 2015 and each fiscal year thereafter to cover its costs. Funds must be deposited into a new industrial insurance administrative account. Because assessment increases are assumed to require legislative approval, revenue from assessments is assumed to be $3.3 million each fiscal year for a total of $9.9 million for three fiscal years.

Taxes on Insurers
Private industrial insurance premiums will be subject to the insurance premium tax. Insurance agent commissions will be subject to the business and occupation (B&O) tax. Both taxes are deposited into the State General Fund and can be used for any governmental purpose. Using the "Industrial Insurance Premiums" assumptions above and a 7.2 percent commission rate to brokers and agents (from Best's Aggregates & Averages 2007 nationwide average commission rate for industrial insurance), an estimated $51 million to $65 million will be deposited into the State General Fund from taxes on private insurers. The following table shows the range of revenue generated by tax type for each fiscal year: See page 15, Figure 1.

Approximately 38 cities and towns impose a local B&O tax. Because it is not known where private insurers will locate, the amount of revenue generated from local B&O tax is indeterminate.

State and Local Expenditure Assumptions

The amount of state expenditures for claims costs will correspondingly decrease along with premiums paid into the Trust Fund. (See "Industrial Insurance Premiums" section in State and Local Revenue Assumptions above for estimate.) The initiative is assumed to have no impact on local government expenditures.

State and Local Cost Assumptions

Industrial Insurance Premiums
The initiative requires employers to pay the full cost of the Medical Aid premium. Under current law, the state deducts one-half of Medical Aid premium from state employee pay. This estimate assumes the same for all local governments covered by the State Fund. Assuming the number of full-time equivalent employees in CY 2009 and current 2010 Medical Aid premium rates, the estimated cost to the state is $22 million and the estimated cost to the local governments is $10.5 million in CY 2011 and each calendar year thereafter. Over five fiscal years, this estimate totals $99 million in state costs and $47.25 million in local government costs. This estimate assumes employers will continue to collect half of the Supplemental Pension Fund premium from employees.

Office of Insurance Commissioner (OIC) Administration
The OIC will assume costs for regulation of private insurers who offer industrial insurance, which will include licensing activities, financial examinations and oversight, analysis of rate filings, responding to consumer complaints, rule making, and legal and public affairs. State costs are estimated at $186,200 for FY 2011, $1.9 million for FY 2012, $3.3 million for FY 2013, $3.6 million for FY 2014 and $3.7 million for FY 2015. Total estimated state costs are $12,686,200 over the next five fiscal years. These state costs assume the following:

Private insurers will be subject to the regulatory requirements of Title 48 RCW involving admission, financial, solvency and market analysis oversight.

Private insurers will be subject to the unfair claims practices rules and statutes.

The initiative gives no authority to OIC to approve or deny manual rates adopted by a private rating organization. Variations from the manual rates will require OIC approval.

Private insurers will pay all costs and fees associated with the licensed rating organization selected to prepare rate-making documents.

Employers who purchase industrial insurance coverage from the assigned risk plan will pay all

costs associated with that plan.

Consumers who disagree with claims decisions made by private insurers will be able to file complaints with OIC.

The OIC cannot assess private insurers for Board of Industrial Insurance Appeals (BIIA) expenses.

No resources will be devoted to private industrial insurance fraud prevention, detection or prosecution.

No guaranty fund coverage will exist for insolvent private insurers. No costs are assumed for the state. Losses will be absorbed by employers, injured employees and medical providers.

Department of Labor and Industries (L&I) Administration

The initiative will generate state costs related to L&I activities that can be estimated as follows:

Costs estimated up to $1.1 million for information technology changes, rule making and actuarial analysis to change the State Fund premium basis to total payroll by January 1, 2011.

Costs estimated up to $16.5 million in FY 2012 for additional information technology changes for fraud detection, policy issuance and accounting systems.

Costs estimated to average $317,000 annually over the next five fiscal years for staff to pursue fraud and employers who are not insured.

Costs estimated at $5.94 million each fiscal year for the Employment Standards Program and Apprenticeship Program that can no longer be funded from the Trust Fund beginning FY 2013.

Because L&I has existing statutory authority to assess fees for the state's occupational safety and health program and the University of Washington's environmental research facility, no change in state revenue or state expenditures is assumed for maintaining the programs at current levels. However, state costs include $412,000 in FY 2013, $398,000 in FY 2014 and $398,000 in FY 2015 for L&I to collect these fees. Total state costs are estimated at $1,208,000 for three fiscal years.

Assuming no further legislative action to conform current statutes to the initiative, State Fund premiums and costs (State Fund and L&I) may increase, but the amount is indeterminate for the following reasons:

Current law requires the State Fund to provide coverage to all employers. If the State Fund is unable to deny coverage to certain employers who should be insured by the assigned risk plan, premiums and costs will increase.

Current law requires the State Fund to cover claims of employees whose employers did not obtain industrial insurance through the State Fund, self-insurance or a private industrial insurer. As employers shift to private insurers, this cost may change.

Although employers insured through the State Fund will decrease, additional administrative costs may be necessary for the State Fund to compete with private insurers.

L&I may have costs or savings related to changes in rate development, premium collection practices and policy issuance activities.

Board of Industrial Insurance Appeals Administration

Employers and employees covered by private industrial insurers have appeal rights to the BIIA. BIIA estimates a 34 percent increase in appeals based on the ratio of appeals to claims for private insurers as compared to the same ratio for the Oregon SAIF state-chartered workers compensation company over a three-year period. Additionally, appeals of private insurers' decisions are assumed to be a state cost because OIC cannot assess private insurers for BIIA expenses. State costs estimated for appeals and case management changes are estimated at $705,000 in FY 2012, $7.7 million in FY 2013, and $10 million in FY 2014 and $10 million in FY 2015. Total state costs are estimated at $28,422,000 for four fiscal years.

The Department of Revenue Administration

Assuming most agents and brokers (producers) who will be licensed to sell industrial insurance are currently reporting taxpayers, state costs of up to $50,000 are estimated for the Department of Revenue to administer the B&O taxes. Total state costs are estimated at $150,000 over the next five fiscal years.

Joint Legislative Task Force

The initiative creates a joint legislative task force on private competition for industrial insurance for the purpose of developing proposed legislation to conform current statutes to the provisions of the initiative. The task force expires on December 31, 2012. The Legislature assumes no additional costs for the task force. Assuming that L&I is tasked to provide actuarial, policy and technical assistance to the task force, state costs are estimated at $345,000 for FY 2011, $571,000 for FY 2012 and $289,000 for FY 2013, for a total of $1,205,000.

Figure 1 Revenue Ranges by Tax Type					
Fiscal Year	**2011**	**2012**	**2013**	**2014**	**2015**
Insurance Premium Tax	$0	$0	$8,211,000 – $10,700,000	$19,430,000 – $24,370,000	$22,440,000 – $28,600,000
Business and Occupation Tax	$0	$0	$262,000 – $322,000	$327,000 – $410,000	$391,000 – $498,000
Total State General Fund Revenue	$0	$0	$8,473,000 – $11,022,000	$19,757,000 – $24,780,000	$22,831,000 – $29,098,000

Argument For Initiative Measure 1082

L&I's Workers Compensation Monopoly is Hurting Our Economy…
…by killing jobs and failing workers. L&I taxes are going up every year with no end in sight. Injured workers stay off work longer here than anywhere else. L&I is inefficient and unaccountable because it is a government monopoly. It doesn't have to compete for your tax dollars.

I-1082 Provides More Choices…
…by ending L&I's monopoly and allowing companies to sell workers' compensation insurance in Washington, with oversight by our Legislature and consumer protection regulations. Just like what works in 46 other states.

I-1082 Provides Tax Relief to Working Families…
…at a time when they need it the most. Washington is the only state where workers pay L&I taxes, up to $315 million in 2010. I-1082 ends the tax on workers in favor of a competitive system that will lower costs for everyone. Even picking up the workers' share, employers know competition will ultimately save them money. Like it has in Oregon. Their competitive system hasn't had a tax increase in 20 years. But taxes here have gone up 53% since 2000 and are expected to skyrocket again next year.

What are they Afraid of?
I-1082 doesn't reduce benefits. It provides choices. So why are union bosses and personal injury lawyers spending millions against it? It's simple. They are terrified to lose their political and financial grip on L&I. The status quo works – for *them*. Don't fall for their exaggerations and fear-mongering.

Vote yes on I-1082. Let's get Washington back to work.

Rebuttal of Argument Against

I-1082 was written by small business groups fed up with the state's failing workers' compensation monopoly.

There are no special exemptions for insurance companies. *Read the initiative*: *nothing* in I-1082 exempts anyone from consumer protection laws or insurance regulations — the state will fully regulate all insurers.

Injured workers will be protected by the same laws and entitled to the same benefits as they are today.

I-1082 simply ends the state's monopoly and gives employers choices.

Argument Prepared by

Patrick Connor, State Director, NFIB/Washington, Olympia; **Betty Neighbors**, owner, TERRA Staffing Group, Everett; **Joel Kretz**, State Representative and owner, Promised Land Ranch, Wacounda; **Steve Robinson**, Spokane Rock Products/AWB Board member, Spokane; **Mark Shaffer**, owner, Mark's Drywall, Lacey; **Mike Gilmartin**, Commercial Creamery Company, Spokane.

Contact: (800) 228-4229; info@SaveOurJobsWA.com; www.SaveOurJobsWA.com

Argument Against Initiative Measure 1082

No I-1082: Written and Sponsored by the Insurance Industry
I-1082 was written by the private insurance industry, which will spend millions trying to pass this initiative so they can unfairly profit from Washington's workers' compensation.

According to Insurance Commissioner Mike Kreidler, the insurance industry wrote I-1082 to give themselves special exemptions that no other line of insurance is allowed – not car, home, life or health insurance.

No I-1082: Read the Fine Print
Allows private insurers to set their own rates with virtually no oversight.

Exempts workers' compensation insurers from the voter-approved Insurance Fair Conduct Act, meaning workers' compensation insurers can wrongfully and intentionally delay and deny legitimate claims for years and there's virtually no way to hold them accountable.

Won't protect businesses, workers or doctors if an insurance company suddenly declares bankruptcy.

No I-1082: The wrong solution for Washington
Washington's workers' compensation system is there when you and your family need it. If you're injured on the job, workers' compensation allows you to seek prompt and appropriate care, pays your doctor bills and provides some income until you can work again. It can also provide job retraining if your injury prevents you from returning to your previous line of work.

I-1082 is especially tough on small businesses, which would be left to pay skyrocketing rates after insurance companies had cherry-picked large and less risky businesses.

No oversight. No regulation. No accountability.

Vote no on I-1082: It's for the insurance industry. Not for you.

Rebuttal of Argument For

Please read the fine print before you buy this insurance industry sales pitch. I-1082 will increase costs for small businesses – $315 million according to 1082's industry backers – new costs that small employers can't afford in this tough economy. All of us pay: the state Office of Financial Management says 1082 costs taxpayers $250 million. Insurance Commissioner Kreidler confirms that 1082's hidden provisions gut consumer protections and won't hold insurance companies accountable. Vote *no*.

Argument Prepared by

Mike Kreidler, Washington State Insurance Commissioner; **Brian Sonntag**, Washington State Auditor; **Don Orange**, owner, Hoesly ECO Auto/Tire, Vancouver; **Don Grillot**, Business manager, International Brotherhood of Electrical Workers 77; **Judy Huntington**, MN, RN, Executive Director, Washington State Nurses; **Kelly Fox**, President, Washington State Council of Fire Fighters.

Contact: (206) 604-9767; info@voteno1082.com; www.voteno1082.com

Initiative Measure

1098

Proposed by initiative petition:

Initiative Measure No. 1098 concerns establishing a state income tax and reducing other taxes.

This measure would tax "adjusted gross income" above $200,000 (individuals) and $400,000 (joint-filers), reduce state property tax levies, reduce certain business and occupation taxes, and direct any increased revenues to education and health.

Should this measure be enacted into law?
[ ] Yes
[ ] No

The Official Ballot Title and the Explanatory Statement were written by the Attorney General as required by law. The Fiscal Impact Statement was written by the Office of Financial Management as required by law. The Secretary of State is not responsible for the content of arguments or statements (WAC 434-381-180). The complete text of Initiative Measure 1098 begins on page 94.

Explanatory Statement

Written by the Office of the Attorney General

The Law as it Presently Exists

The state of Washington does not currently impose an income tax or an excise tax on the receipt of income. The state does impose a business and occupation (B&O) tax on the privilege of engaging in various business activities in the state such as manufacturing, selling, or providing services. Although there are some limited deductions, the tax is generally imposed on the gross income of the business. The law authorizes a credit against the tax that is taken on the tax return filed by the business. The credit reduces the amount of tax owed by the business. For most businesses, the credit is $35 times the number of months covered by the tax return. For a business that files a tax return once a year, covering twelve months, the maximum credit is $420 ($35 x 12). For some businesses that provide services to their customers, the credit is $70 times the number of months covered by the tax return. For such a business that files a tax return every month, the maximum credit that can be taken on the monthly return is $70. If the tax exceeds the amount of the credit, the credit is reduced. If the tax owed is more than twice the amount of the credit, the credit is eliminated. The B&O tax is deposited in the state general fund.

The state, cities, counties, and other local jurisdictions are authorized to impose a property tax in varying amounts. The property tax is a tax based on the value of an owner's taxable property. The state is authorized to impose a property tax for the support of the common schools. The state property tax is one component of the total property tax bill received by a property owner, which also includes property taxes levied by other authorized jurisdictions. The procedure for imposing the tax begins when the state levies the tax. The levy is the total amount of tax the state is authorized to collect. The levy is calculated based on certain constitutional and statutory requirements and limitations. Once the total amount of the state school levy is determined, it is divided by the value of all of the taxable property in the state to determine the rate of the tax. The rate of the property tax is also subject to certain constitutional and statutory requirements. The amount of state property tax a property owner pays is determined by multiplying the tax rate by the value of his or her taxable property. The state property tax is deposited in the state general fund and the student achievement fund for later distribution to the school districts.

The Effect of the Proposed Measure, if Approved

If approved, this measure would impose an excise tax on the receipt of taxable income beginning in 2012. For a married individual filing a joint return with his or her spouse and for every surviving spouse, the tax would be as follows:

Taxable Income	Tax
$0-$400,000	$0
$400,001-$1,000,000	5% of the amount above $400,000
$1,000,001 and above	$30,000 plus 9% of the amount above $1,000,000

For every individual, other than a surviving spouse, who is not married, and for a married individual who does not file a joint return with his or her spouse, the tax would be as follows:

Taxable Income	Tax
$0-$200,000	$0
$200,001-$500,000	5% of the amount above $200,000
$500,001 and above	$15,000 plus 9% of the amount above $500,000

This measure would also increase the credit against the B&O tax to $4,800 a year. If the tax exceeds the amount of the credit, the credit would continue to be reduced. If the tax owed is more than twice the amount of the credit, the credit would continue to be eliminated.

This measure would also reduce the state property tax levy. The state levy would be calculated in the way it currently is, and that figure would be reduced by twenty percent. The reduced levy would be divided by the value of all of the taxable property in the state to determine the rate of the tax. The amount of state property tax a property owner pays would continue to be determined by multiplying the tax rate by the value of his or her taxable property. The twenty percent levy reduction would not apply to property taxes imposed by other jurisdictions.

Before spending the revenue generated by the tax imposed by this measure, the state treasurer would be required to calculate the loss to the general fund resulting from the increase in the B&O tax credit and the reduction of the state property tax levy, and deposit the revenue generated by the new tax into the state general fund to replace the lost revenue.

After the state treasurer has made the deposit to the general fund to replace the lost revenue, the additional revenue generated by the tax imposed by this measure would be deposited in a dedicated account in the state treasury. Seventy percent of the revenue deposited in this dedicated account would be deposited in the education legacy trust account. Funds in the education legacy trust account may be used to enhance student achievement in grades K-12 by, for example, reducing class size, establishing special tutoring programs, or providing professional development for educators. The funds may also be used to expand access to higher education. Thirty percent of the funds deposited in the dedicated account would be used to supplement the state's basic health plan, provide for state and local public health services, provide long-term care services for seniors and people with disabilities, and for other health services.

The tax imposed by this measure would apply differently to residents and nonresidents of Washington. The tax is imposed on all of the taxable income of a resident. For a nonresident, the tax would be imposed on all the taxable income derived from sources within Washington. A resident of Washington would include an individual who lives in the state all year or claims Washington as his or her home for federal income tax purposes. It would also include an individual who considers Washington his or her residence, unless the individual does not maintain a permanent residence in Washington or any other place, and does not spend more than thirty days in Washington during the tax year. An individual who does not consider Washington his or her residence, but maintains a permanent residence in Washington and spends one hundred eighty-three (183) days in the state would be considered a resident unless the individual satisfies the Department of Revenue that he or she is only in Washington for temporary or transitory purposes.

The tax imposed by this measure would apply to taxable income. Taxable income is adjusted gross income, as determined under the federal internal revenue code, less two adjustments set out in the measure. First, taxable income would not include income that is exempt from state income tax under federal law. Second, because a nonresident's adjusted gross income may include income derived from sources outside of Washington, the measure sets out requirements to calculate a nonresident's taxable income that is derived from sources within Washington.

Employers would be required to withhold estimated tax and pay it to the Department of Revenue. The amount withheld would be a credit against any tax due during the taxable year. An employer who collected the estimated tax and failed to pay it to the Department would be personally liable to the state for the amount of the tax, plus interest and a penalty. An employer who fails to collect the estimated tax would be personally liable to the state for the amount of the tax, unless the failure was due to a reasonable cause and not willful neglect. It would be a gross misdemeanor for an employer to appropriate or convert the estimated taxes withheld. An individual, who is required to make estimated tax payments under the internal revenue code, must also make estimated payments to the Department.

Only married couples filing a joint return or a surviving spouse with taxable income in excess of $400,000 or an individual with taxable income in excess of $200,000 would be required to file a state tax return. If a married couple files a joint federal income tax return, they would be required to file a joint state tax return, unless one spouse is a Washington resident and the other is not. The date for filing the state tax return is the due date for the federal income tax return. The Department of Revenue would use the taxpayer's federal tax return as the main source of taxpayer information. Individuals subject to the tax imposed by this measure would be required to keep records, and the Department of Revenue would be authorized to inspect those records.

The Department of Revenue would be required to refund all taxes improperly paid or collected. State law governing the administration of other state taxes would also apply to the tax imposed by this measure. The Board of Tax Appeals would have jurisdiction over appeals relating to the taxes imposed by this measure.

The provisions of the internal revenue code would apply unless they are inconsistent with this measure. The internal revenue code is the United States Internal Revenue Code of 1986, and the amendments in effect on January 1, 2010. The Department of Revenue is authorized to adopt rules under the Administrative Procedure Act. The rules should be consistent with the internal revenue code, to the extent possible without being inconsistent with this measure.

The measure would provide that the tax imposed may not be increased for any income level without a majority vote of the legislature and approval of the voters in an election.

Fiscal Impact Statement

Written by the Office of Financial Management

Fiscal Impact

Beginning calendar year 2012, the income tax and tax relief are estimated to generate a net increase in state revenue of $11.16 billion over five calendar years to be used exclusively for education and health services. The 20 percent state property tax levy reduction will allow some local property tax districts to levy an increased amount; this revenue impact is expected to be minimal. State implementation costs are estimated at $39.3 million over five fiscal years; one-time computer programming costs are estimated at $50,000 for the state and each university and local government with employees subject to the income tax.

State Revenues

State revenues are estimated to increase by $11.16 billion over five calendar years, as described on page 22, Figure 2.1.

State Income Tax Assumptions

The tax will be based on the 2012 federal tax year and first imposed January 1, 2012. Therefore, employer withholding of tax and quarterly estimated tax payments begins in 2012. The first tax return will be due April 15, 2013.

Since 2005, the Washington State Department of Revenue has maintained an income tax model to estimate the revenue impacts of proposed legislation. This estimate is based on that model, which was most recently used during the 2010 legislative session to estimate the revenue impacts of Senate Bill 6250.

The model contains data for 2006 income for the 2007 federal tax year from 3.2 million state tax returns. Adjustments are made in the model for the June 2010 Washington State Economic and Revenue Forecast for personal income average growth of 3.6 percent, wages and salaries average growth of 3.44 percent and the United States implicit deflator. Adjustments are also made to the model for IHS Global Insight's national forecast for

dividends and interest income average growth of 7.8 percent, and proprietors income average growth of 7.4 percent.

It is estimated that the tax will be paid on an estimated 38,400 Washington state tax returns — 12,400 individual tax returns and 26,000 married joint, head of household and widower returns.

Growth in the tax is assumed to be 3 percent each year.

Compliance with the income tax is assumed at 90 percent for the first tax year.

State Property Tax Assumptions

The state property tax levy reduction begins with the 2011 state levy, which is collected in 2012.

The state property tax levy reduction occurs after the levy is calculated each year, and does not affect the base levy amount.

Calendar years 2012 and 2013 state property tax levies are based on the June 2010 Washington State Economic and Revenue Forecast. For calendar years 2014–2016, the levies are estimated to increase, assuming that property market values and new construction grow at 6 percent per year, and state assessed properties grow at 3 percent per year.

State Business and Occupation Tax Credit for Small Business

The increase in the tax credit begins with tax returns filed after January 1, 2012. For annual taxpayers, this includes the 2011 tax return; for quarterly taxpayers, this includes the fourth quarter tax return; and for monthly taxpayers, this includes the December 2011 tax return.

Using Washington State Department of Revenue excise tax return data for fiscal year (FY) 2009, the estimate assumes that the increased tax credit will exempt an estimated additional 118,000 taxpayers from all state business and occupation (B&O) taxes, and an additional 39,000 taxpayers will have a portion of their B&O tax liability reduced.

Growth in the tax credit is assumed to be 3.75 percent each year.

The amount of tax relief from the tax credit to be replaced in the State General Fund is the difference between current tax credit and the increased tax credit in the initiative.

Local Revenues

The state Constitution limits the amount of property taxes that may be imposed on an individual parcel of real or personal property without voter approval to 1 percent of its true and fair value. When the 1 percent constitutional limit is exceeded, junior taxing district levies are prorated (reduced) as provided in RCW 84.52.010. The 20 percent reduction in the state property tax levy will create additional property tax capacity and allow some local property tax districts to levy an increased amount. This impact is expected to be minimal because few taxing districts are currently prorating due to the 1 percent constitutional limit. Additionally, this estimate assumes no local revenue impact from the state income tax or increased state B&O tax credit for small business.

State Expenditures

Seventy percent of net revenue received by the Trust Fund must be deposited into the Education Legacy Trust Account to be used exclusively for education purposes described in RCW 83.100.230. Thirty percent of net revenues received by the Trust Fund are to be used exclusively for health services.

Before computing or spending net revenue in the Trust Fund, the State Treasurer must certify each year the revenue that would have been deposited into the State General Fund but for the state property tax levy reduction and the increased B&O tax credit for small business. The State Treasurer must then make deposits from the Trust Fund to the State General Fund as necessary to replace this revenue. Using these assumptions, the following are estimates of the additional amounts that are available for state expenditure. Estimates are described using the state's fiscal year (July 1, 2011, through June 30, 2012, is the fiscal year 2012).

The Washington State Department of Revenue will calculate the state property tax levy reduction in the normal levy process, which is completed by January 15 of each year. Therefore, it is assumed that the State Treasurer will certify and deposit to the State General Fund those amounts necessary to replace this revenue on February 1, 2012, and each February 1 thereafter.

Using filed excise tax returns, the Washington State Department of Revenue will calculate

every six months the reduced revenue from the increased B&O tax credit for small business. Assuming the Washington State Department of Revenue supplies this information to the State Treasurer on August 15 and March 15 of each year, the State Treasurer will certify and make deposits to the State General Fund to replace this revenue on September 1, 2012, and April 1, 2013, and each September 1 and April 1 thereafter.

The timing of deposits affects available funds, but does not generate new revenue to the State General Fund.

Assuming all deposits into the State General Fund must be completed before net revenues can be spent, the estimate assumes that net spending from the Trust Fund begins in FY 2013. (See page 22, Figure 2.2.)

State and Local Cost Estimate Assumptions

The Washington State Department of Revenue will incur additional costs to administer the income tax. The largest cost will occur in FY 2012 from the purchase of computer hardware and off-the-shelf computer software to collect the tax, accept and audit tax returns, and process tax refunds and assessments. Costs also include additional staff, rule-making and policy activities, taxpayer mailings and workshops, supplies and materials. The increased state B&O tax credit for small business will result in cost savings from 41,000 taxpayers no longer being required to file excise tax returns who will be placed on active non-reporting status.

The Board of Tax Appeals will have jurisdiction over appeals related to income tax. Using appeal statistics from boards in other states with a state income tax to determine workload and staffing requirements, the board assumes 300 appeals each fiscal year. Costs are for additional staff, information technology upgrades, training, supplies and materials.

The following are net costs to the state, excluding costs for payroll system changes: (See page 22, Figure 2.3.)

Based on the Washington State Office of Financial Management's 2009 Personnel Detail Report and information from the Washington State Department of Personnel, University of Washington, Washington State University, Washington State Association of Counties and Association of Washington Cities, costs are estimated up to $50,000 total for computer programming changes to each payroll system for each jurisdiction with employees who are subject to tax. No costs are associated with the Washington State Department of Retirement Systems, assuming that the initiative does not require withholding of tax from public employee pensions.

Figure 2.1 State Revenue Increase					
Calendar Year	**2012**	**2013**	**2014**	**2015**	**2016**
Income Tax	$2,213,000,000	$2,937,000,000	$3,025,000,000	$3,116,000,000	$3,209,000,000
Business & Occupation Tax Credit	($250,000,000)	($259,000,000)	($261,000,000)	($271,000,000)	($281,000,000)
Property Tax Relief	($383,000,000)	($393,000,000)	($403,000,000)	($414,000,000)	($425,000,000)
Total Net Revenue to Trust Fund	$1,580,000,000	$2,285,000,000	$2,361,000,000	$2,431,000,000	$2,503,000,000

Figure 2.2 Additional Funds Available for State Expenditure					
Fiscal Year	**2012**	**2013**	**2014**	**2015**	**2016**
Education Legacy Account	$0	$1,106,000,000	$1,599,500,000	$1,652,700,000	$1,701,700,000
Net Revenue in Trust Fund for Health Services	$0	$474,000,000	$685,500,000	$708,300,000	$729,300,000
Total Revenue Available for Spending	$0	$1,580,000,000	$2,285,000,000	$2,361,000,000	$2,431,000,000

Figure 2.3 State Net Costs					
Fiscal Year	**2012**	**2013**	**2014**	**2015**	**2016**
Department of Revenue	$16,723,700	$6,709,700	$4,995,900	$4,994,400	$5,026,900
Board of Tax Appeals	$0	$41,000	$260,000	$257,000	$259,000
Total State Costs	$16,723,700	$6,750,700	$5,255,900	$5,251,400	$5,285,900

Argument For Initiative Measure 1098

For years, Bill Gates Sr. called on Olympia to reform our tax code to lower taxes for the middle class and small businesses, but his pleas were ignored. That's why Gates Sr. and civic leaders proposed I-1098, which reduces taxes for the middle class and small businesses while raising dedicated funding to restore deep cuts to education and health care.

Middle Class Tax Cuts
1098 will cut taxes for the middle class and help our economy: cut the state property tax on homeowners and businesses by $357 million; eliminates B&O tax for small businesses: smallest 81 percent of businesses in Washington will no longer pay any B&O; income tax limited to the richest 3 percent – by law, there will not be one penny of income tax on income under $400,000 a year for couples ($200,000 for individuals).

Implements regular audits, requires a public vote for any change to the income tax.

Levels the Playing Field
Washington ranks dead last – 50th of 50 states – in tax fairness. Middle class families pay *four times* the tax rate of the rich. 1098 restores fairness.

Funding for Education, Health
Education and health care have been slashed – 3,000 teachers were laid off, 40,000 people lost basic health. With the wealthy paying their fair share, 1098 will net $1 billion annually dedicated to funding K-12, college tuition, the Basic Health Plan and long-term care for seniors.

I-1098 benefits the middle class and small businesses – vote *yes*.

Rebuttal of Argument Against

A small group of very rich people who benefit from the status quo are using fear tactics to attack 1098. The truth is 1098 slashes the state property tax 20 percent, eliminates the B&O tax for small businesses and boosts the economy. By law, the legislature is prevented from extending the tax on the rich to others or increasing it — any attempt would face a statewide vote. The people will have the final say.

Argument Prepared by

Bill Gates, Sr., tax reform advocate; **Janine Vaughn**, owner, Revival Lighting (Spokane), board, Main Street Alliance; **Sonya Langford**, 7th Grade teacher, Board member, Washington Education Association; **Walt Bowen**, President, Washington State Senior Citizens Lobby; **Linnea Hirst**, President, League of Women Voters of Washington; **Clair Ervin**, Tacoma small business owner, C. Ervin Construction LLC.

Contact: (206) 225-4610; info@Yeson1098.com; www.Yeson1098.com

Argument Against Initiative Measure 1098

Without your vote against Initiative 1098, Olympia will expand an income tax to everyone.
Don't trust Olympia with a state income tax. Vote no on 1098 or a simple majority of the legislature will extend this income tax to everyone in just two years. Once in place, income tax rates will go up just like the sales tax.

Passing 1098 will impose new income taxes of almost $2 billion in the first year alone. Earlier this year, the legislature already increased taxes by $800 million per year. When our state economy desperately needs new jobs to recover from the recession, we don't need massive new tax increases.

Politicians in Olympia need to prioritize spending, not increase taxes.

Income tax revenues will be spent as the legislature pleases.
Supporters of 1098 claim the revenue will be used for education and health programs, but the truth is the money can be spent by the legislature on anything it wishes. Olympia raids "trust accounts" in the budget all the time. The modest business and property tax cuts in 1098 can be swept away in just two years, as well.

A new state income tax will result in fewer new jobs.
In urging voters to defeat 1098, *The Seattle Times* wrote, "I-1098 also takes away the most important tax-based advantage Washington has in attracting business and jobs here: our lack of a state income tax. This state needs that advantage…"

Vote *no* on a state income tax.
Visit *defeat1098.com* for the full story.

Rebuttal of Argument For

1098 opens the door to a state income tax on everyone. Our state constitution allows a simple majority in Olympia to amend any initiative after two years. Every initiative passed in the last 20 years providing dedicated fund programs has been changed in Olympia.

The legislature has raided billions of dollars out of 74 dedicated budget accounts in recent years, including those for education and health programs.

Stop the largest tax increase in state history.

Argument Prepared by

Steve Appel, President of the Washington Farm Bureau; **Don Brunell**, President of the Association of Washington Business; **John Drescher**, Executive Director of TechNet Northwest; **Steve Mullin**, President of the Washington Roundtable; **Mike Sotelo**, President, King County Hispanic Chamber of Commerce; **Joseph Zarelli**, State Senator.

Contact: info@defeat1098.com; www.defeat1098.com

Initiative Measure

1100

Proposed by initiative petition:

Initiative Measure No. 1100 concerns liquor (beer, wine and spirits).

This measure would close state liquor stores; authorize sale, distribution, and importation of spirits by private parties; and repeal certain requirements that govern the business operations of beer and wine distributers and producers.

Should this measure be enacted into law?
[ ] Yes
[ ] No

The Official Ballot Title and the Explanatory Statement were written by the Attorney General as required by law. The Fiscal Impact Statement was written by the Office of Financial Management as required by law. The Secretary of State is not responsible for the content of arguments or statements (WAC 434-381-180). The complete text of Initiative Measure 1100 begins on page 100.

Explanatory Statement

Written by the Office of the Attorney General

The Law as it Presently Exists

Currently, the state controls the sale and distribution of spirits in Washington. The term "spirits" refers to the alcoholic beverages commonly called "hard liquor" (whiskies, vodka, gin, etc.), any beverage containing distilled alcohol (except flavored malt beverages), and wines exceeding twenty-four percent alcohol by volume. Spirits are sold at retail by state liquor stores and contract liquor stores (which are businesses selling liquor on behalf of the state through a contract with the state). Spirits are distributed within Washington by the state Liquor Control Board. The Board purchases spirits from manufacturers, distillers, and suppliers, furnishes spirits to state liquor stores, and sells spirits directly to authorized purchasers, such as restaurants. Spirits manufacturers, distillers, and suppliers may sell spirits within the state only to the Board.

The Liquor Control Board is responsible for the general control, management, and supervision of all state liquor stores and contract stores, as well as the state's spirits distribution operation. The Board regulates the kind, character, and location of liquor advertising. The Board is not authorized to advertise its sales of spirits.

The Liquor Control Board sets prices for spirits based on wholesale cost, a markup by the Board, and taxes. The net proceeds from the markup on the sales of spirits are distributed to the state, cities, and counties, according to formulas set by state law. A variety of taxes are imposed on the retail sale of spirits. The generally applicable retail sales tax does not apply to spirits. The tax revenues from sales of spirits are distributed to the state, cities, counties, and to fund specific state and local programs, according to formulas established by state law.

Under existing law, private parties who are licensed may sell and distribute beer and wine not exceeding twenty-four percent alcohol by volume. Private beer and wine license holders operate under a "three-tier system". Under the three-tier system, there are separate licenses for (1) manufacturing, (2) distributing, and (3) retailing of beer and wine. The three-tier system regulates the financial relationships and business transactions between licensed parties in the three tiers. Retailers are allowed to purchase beer and wine only from licensed distributors, with certain exceptions, and licensed distributors are allowed to purchase only from licensed manufacturers, with certain exceptions. The licensed distributors and manufacturers are required to maintain and adhere to published price lists and to offer uniform pricing to all customers on a statewide basis. Uniform pricing precludes a distributor from selling spirits at a discount to individual retailers if the same price is not available to other retailers, and similarly precludes a manufacturer from making discounted sales to individual wholesalers.

The Effect of the Proposed Measure, if Approved

If approved, Initiative 1100 would direct the Liquor Control Board to close all state liquor stores, to terminate contracts with the private contract liquor stores, and to shut down the state's spirits distribution operation. It would allow licensed private parties to sell spirits as retailers or distributors, and it would terminate the state's authority to sell spirits. This would eliminate the net proceeds from the Board's markup on sales of spirits at state liquor stores and contract liquor stores, which are distributed to the state, cities, and counties. Initiative 1100 would retain existing taxes on the sales of spirits, with minor modifications.

Initiative Measure 1100 would change the Liquor Control Board's powers. It would eliminate the Board's authority to manage liquor stores, distribute spirits, set spirit prices, and require the Board to close state stores by December 31, 2011. The measure would limit the Board's rulemaking powers to regulation of licensing matters, taxation, and the prevention of abusive consumption and underage drinking. The Board's authority to regulate the kind, character, and location of advertising of liquor would be subject to new limitations.

Initiative 1100 would authorize the Board to license private entities to sell spirits at retail, to distribute spirits to retailers, and to manufacture or import spirits in Washington. With exceptions, license holders would pay annual licensing fees. The licensing fees would be used for the costs of administration, for enforcement of licensing laws, and to reduce abusive consumption of alcohol and underage drinking.

Under Initiative 1100, a "general liquor retailer's license" would allow the license holder to sell spirits, beer, and wine at retail. This retailing license would be available to any person who applies for the license, meets requirements, and pays the necessary licensing fee. In addition, any grocery store or specialty store with a beer and/or wine license in good standing could pay a fee and obtain a general liquor retailer's license, which would allow sales of spirits. All of the stores that formerly sold spirits under a contract with the state could obtain a general liquor retailer's license without paying a fee.

A "general liquor distributor's license" would allow the license holder to distribute beer, wine, and spirits obtained from authorized sources, such as licensed manufacturers and importers. Current holders of a beer or wine distributor license could obtain a general liquor distributor's license allowing distribution of spirits by paying a licensing fee. A person could also obtain a spirits distributor license to distribute only spirits. A licensed distillery or manufacturer could act as a distributor and retailer of its own products.

Under Initiative 1100, spirits could be produced under a distillery license or manufacturer's license, subject to regulation by the Board. A license for spirits importers would allow the import and export of spirits, subject to regulation by the Board. Other licenses or certificates of approval would allow a distiller or manufacturer of spirits outside the state to sell and ship spirits into the state.

Initiative 1100 also changes the laws that regulate the importation, distribution, delivery, and retail sales of beer and wine. Initiative Measure 1100 would eliminate the existing three-tier regulatory system for beer and wine that, in general, requires licensed manufacturers to sell only to licensed distributors, and licensed distributors to sell only to licensed retailers. It would repeal the uniform pricing requirement that requires each manufacturer to offer beer or wine at a uniform price to all distributors and requires each distributor to offer beer and wine at a uniform price to all retailers.

Fiscal Impact Statement

Written by the Office of Financial Management

Fiscal Impact

Fiscal impact cannot be precisely estimated because the private market will determine spirits bottle cost and markup. Using a range of assumptions, total state revenues decrease an estimated $76 million – $85 million and total local revenues decrease an estimated $180 million – $192 million, both over five fiscal years. One-time net state revenue gain of $27.8 million is estimated from sale of the state liquor distribution center. One-time state costs are estimated at $38.6 million. Ongoing state costs for tax collection are estimated at $426,000.

General Assmptions

The initiative uses the term "spirits" to describe

alcoholic beverages that are distilled instead of fermented. For purposes of the fiscal impact statement, the term "liquor" is used for "spirits" to maintain consistent terminology. Beer and wine are not spirits or liquor.

Estimates are described using the state's fiscal year (FY) of July 1 through June 30.

A new liquor distributor license is available January 1, 2011, and a new liquor retail license is available June 1, 2011; licensees can begin making sales of liquor on these dates. There is no limit on the number of licenses that can be issued.

By June 15, 2011, the state will no longer operate the state liquor distribution center or state liquor stores.

Estimates assume 3,357 licensed liquor retailers, based on the January 2010 State Government Performance Review by the Washington State Auditor (State Auditor review). Estimates assume 177 licensed liquor distributors based on the number of current Washington State Liquor Control Board (LCB) licensed beer and wine distributors.

Estimates of impacts are measured against the June 2010 LCB revenue forecast (forecast).

Retail liquor liter sales are estimated to grow 5 percent from increased access to liquor. This assumption is based on an academic study and growth experienced in Alberta, Canada, after converting from state liquor stores to private liquor stores. Additional growth in liquor liter sales is estimated using the forecast price elasticity assumption of 0.49 percent. Price elasticity is a method used to calculate the change in consumption of a good when price increases or decreases. For every 1 percent increase/decrease in price, liquor liter sales increase/decrease 0.49 percent. Growth from increased access and price elasticity is in addition to normal 3 percent growth in liquor liter sales assumed in the forecast.

State and Local Revenues

Actual fiscal impacts depend on liquor bottle cost in the private market and the markup applied by both private liquor distributors and retailers. Therefore, there is a wide range of potential fiscal impacts. Using the LCB forecast's average bottle price for a liter of liquor (before taxes and markup) and a range of total private distributor/retailer markup (at 25 percent, 39.2 percent and 45 percent), a range of potential state and local revenue impacts is estimated.

The range of markup was selected from the following sources:

25 percent is based on U.S. Internal Revenue Service data (sales revenue minus cost of goods) of retail food, beverage and liquor stores throughout the United States.

39.2 percent is forecasted state markup beginning July 1, 2011.

45 percent is the total liquor markup contained in the State Auditor review and is based on information from the Distilled Spirits Council of the United States.

Over five fiscal years, total state revenues are estimated to decrease in the range of $76 million to $85 million, as shown on page 29, Figure 3.1.

Under current law, counties and cities receive a share of state liquor board profits and state liquor excise tax collections. Therefore, counties and cities will also experience revenue decreases estimated in the range of $180 million to $192 million over five fiscal years, as shown on page 29, Figure 3.2.

The range of Total State Revenues and Total Local Revenues is the sum of revenue gains, revenue losses or no revenue impact from the following assumptions:

The initiative sets a $2,000 annual liquor distributor license fee and a $1,000 annual liquor retailer license fee. The number of licenses is assumed to be constant for each fiscal year.

Liquor distributor licensees are assumed to be subject to the wholesaling business and occupation (B&O) tax. Liquor retailer licensees are assumed be subject to the retailing B&O tax.

Liquor liter taxes and liquor sales taxes are not amended by the initiative. However, a 10 percent tax on the selling price of liquor to restaurant licensees and an additional 1.4 percent tax on the same sales are effectively repealed with the closure of the state's liquor distribution center and state liquor stores. The initiative includes a 10 percent tax on the same sales through licensed liquor distributors and retailers, and is assumed to replace a portion of these taxes.

Except for the loss of sales in state liquor stores,

estimates do not assume any change in pricing or volume of sales of beer and wine.

State liquor stores sell Washington State Lottery products to the public. The estimate assumes 25 percent of these sales will be lost and remaining sales will occur in other outlets selling Washington State Lottery products.

Estimates of sales by current restaurant licensees who sell liquor at retail are limited to changes from price elasticity and the loss of the state's 15 percent quantity price discount to these licensees.

Estimates do not assume any change in sales by liquor stores operated on military bases. Such sales are assumed not to be subject to liquor liter taxes, liquor sales taxes or B&O tax.

Estimates do not assume any change in sales by liquor stores operated by tribes. Such sales are assumed to be subject to liquor liter taxes and liquor sales taxes based on current agreements between tribes and LCB, but are not subject to B&O tax.

No additional change is assumed for tax avoidance/non-compliance by consumers or migration of sales in and out of state by consumers. These items are assumed in the forecast price elasticity assumption.

Revenue from the state markup used to pay for the state liquor distribution center and state liquor store costs are netted to zero. The initiative eliminates both the revenue (markup) and the costs (state liquor distribution center and state liquor stores), which results in no additional revenue to the state.

Total amounts include other decreased distributions from the Liquor Revolving Fund.

Approximately 38 cities and towns impose a local B&O tax. Because it is not known where liquor distributor and liquor retailer licensees will locate, the amount of revenue generated from local B&O tax is indeterminate and not included in the estimate.

The sale of the state liquor distribution center is estimated to generate a potential net $27.8 million in revenue. Because sale date cannot be precisely determined, this revenue is stated separately and excluded from the Total State Revenue estimates above. The value of the state liquor distribution center is estimated to be $20.8 million, based on King County Assessor's Office 2010 assessed value of the property. The sale of the equipment in the state liquor distribution center is estimated to be $8 million, based on the Washington State Auditor review, which assumed the sale of $16 million in assets would return about $8 million. Costs to sell the state liquor distribution center are estimated to total $1 million at the time of sale.

State and Local Expenditures

Total state revenues will be deposited into two state accounts: the State General Fund and the State Opportunity Pathways Account. Below are tables that show the estimated net revenue loss to each account by fiscal year. Revenue to the State Opportunity Pathways Account is not dependent on the total private liquor distributor/retailer markup, and therefore, the estimated revenue loss to this account will not vary.

In addition to revenue from liquor board profits and liquor excise taxes, revenue from beer, wine and other business enterprise activities are deposited into the Liquor Revolving Fund. A portion of revenues in the Liquor Revolving Fund in excess of LCB expenses are deposited into the State General Fund according to a statutory formula. The impact to the State General Fund shown in the table below exceeds Total State Revenues because distributions that would otherwise be deposited into the State General Fund are assumed to remain in the Liquor Revolving Fund for LCB expenses. The amount is estimated at $10 million for each fiscal year beginning in FY 2012. State General Fund revenue can be used for any governmental purpose, and therefore, the impact of decreased revenue on state expenditures will be determined by the Legislature. (See page 29, Figure 3.3.)

Washington State Lottery proceeds in excess of expenses are deposited into the State Opportunity Pathways Account to support programs such as State Need Grant, State Work Study awards, Washington Scholars and Washington Award for Vocational Excellence. Funds from the account may also be used to support early learning programs. Over five fiscal years, it is estimated that funds to this account will decrease $1,327,000. (See page 30, Figure 3.4.)

The initiative requires liquor license revenue to be used only for purposes of the administration and enforcement of liquor licenses and reducing underage or abusive consumption. Therefore, an

estimated $3.7 million each fiscal year is assumed to be spent on LCB liquor license administration and enforcement activities.

Like the State General Fund, counties and cities receive a share of revenue from the Liquor Revolving Fund. Therefore, in addition to decreased liquor profits and liquor excise taxes, other reduced distributions from the Liquor Revolving Fund affect counties and cities. The amount is estimated at $10 million for each fiscal year beginning in FY 2012. RCW 70.96A.087 requires each county and city to spend 2 percent of its share of state liquor board profits and state liquor excise taxes on alcohol and chemical dependency services, and these expenditures will decrease. The remaining revenue can be used for any allowable local government purpose. Therefore, the impact of decreased revenue on local government expenditures will be determined at the local level. (See page 30, Figure 3.5.)

State and Local Cost Estimate Assumptions

This fiscal impact statement does not estimate state costs or state savings due to social impacts from approval of the initiative.

One-Time Costs

Assuming a closure date of June 15, 2011, LCB will incur one-time state costs associated with managing the closure of the state liquor distribution center and state liquor stores. There will be additional one-time costs for issuing new licenses. These state costs are estimated to total $30 million during FYs 2011 and 2012:

Unemployment, sick leave and vacation buyout costs for state employees estimated at $11.8 million.

Information technology changes and staff to issue new licenses estimated at $4.7 million.

Staffing costs to coordinate the sale of existing inventory, termination of contract store leases, and to surplus store fixtures estimated at $10.2 million.

Final audits of each state and contract liquor store estimated at $1.9 million.

Project management and additional human resource staff estimated at $1.4 million.

The Washington State Department of Revenue will assume administration of the liquor excise tax collection from 3,534 licensed liquor distributors and retailers. Costs include additional staff, information technology changes, rule making and policy activities, taxpayer mailings and workshops, supplies and materials. Total one-time state costs are estimated to total $313,000 during FYs 2011 and 2012.

There is $8.32 million in debt service costs for a Certificate of Participation bond for the state liquor distribution center that is scheduled to be paid by December 1, 2013. This one-time state cost is assumed in FY 2012.

Ongoing Costs

The LCB costs at current levels for the licensing, enforcement and administration for all entities licensed by LCB are assumed to be paid from other revenue sources deposited into the Liquor Revolving Fund. No state costs from increased enforcement activities are assumed in the estimate.

State costs associated with the state liquor distribution center and state liquor stores operations are not assumed as savings because the revenue source (state markup) used to pay these costs is eliminated by the initiative. These costs are netted out of the revenue impacts.

The Washington State Department of Revenue will have ongoing costs related to liquor excise tax collection duties that are estimated to total $426,000 for FYs 2013–2015. No costs or savings for tax collection are assumed for local governments.

Figure 3.1 Total State Revenues						
Fiscal Year	**2011**	**2012**	**2013**	**2014**	**2015**	**TOTAL**
State Revenue – 25% Markup	($2,633,000)	($20,731,000)	($16,410,000)	($20,350,000)	($24,481,000)	($84,605,000)
State Revenue – 39.2% Markup	($2,231,000)	($17,264,000)	($15,669,000)	($19,458,000)	($23,427,000)	($78,049,000)
State Revenue – 45% Markup	($2,067,000)	($15,983,000)	($15,538,000)	($19,274,000)	($23,187,000)	($76,049,000)

Figure 3.2 Total Local Revenues						
Fiscal Year	**2011**	**2012**	**2013**	**2014**	**2015**	**TOTAL**
Local Revenue – 25% Markup	($6,319,000)	($41,361,000)	($43,675,000)	($48,118,000)	($52,774,000)	($192,247,000)
Local Revenue – 39.2% Markup	($6,183,000)	($39,041,000)	($41,576,000)	($45,914,000)	($50,458,000)	($183,172,000)
Local Revenue – 45% Markup	($6,127,000)	($38,139,000)	($40,786,000)	($45,084,000)	($49,586,000)	($179,722,000)

Figure 3.3 State General Fund Impact						
Fiscal Year	**2011**	**2012**	**2013**	**2014**	**2015**	**TOTAL**
State General Fund – 25% Markup	($2,620,000)	($30,410,000)	($26,089,000)	($30,019,000)	($34,140,000)	($123,278,000)
State General Fund – 39.2% Markup	($2,218,000)	($26,943,000)	($25,348,000)	($29,127,000)	($33,086,000)	($116,722,000)
State General Fund – 45% Markup	($2,054,000)	($25,662,000)	($25,217,000)	($28,943,000)	($32,846,000)	($114,722,000)

Figure 3.4 State Opportunity Pathways Account Impact						
Fiscal Year	**2011**	**2012**	**2013**	**2014**	**2015**	**TOTAL**
State Opportunity Pathways Account	($13,000)	($321,000)	($321,000)	($331,000)	($341,000)	($1,327,000)

Figure 3.5 Total Local Impact						
Fiscal Year	**2011**	**2012**	**2013**	**2014**	**2015**	**TOTAL**
Local Revenue – 25% Markup	($6,319,000)	($41,361,000)	($43,675,000)	($48,118,000)	($52,774,000)	($192,247,000)
Local Revenue – 39.2% Markup	($6,183,000)	($39,041,000)	($41,576,000)	($45,914,000)	($50,458,000)	($183,172,000)
Local Revenue – 45% Markup	($6,127,000)	($38,139,000)	($40,786,000)	($45,084,000)	($49,586,000)	($179,722,000)

Argument For Initiative Measure 1100

I-1100: The best way to end the state liquor monopoly
As part of a modernization of law concerning beer, wine and liquor, I-1100 ends the state's monopoly on liquor sales, in the best interests of consumers. It directs the Liquor Board to concentrate on enforcement of liquor laws, such as prohibiting underage drinking, rather than devote its time and financial resources to marketing distilled spirits. The state has no business promoting and profiting from the sale of liquor.

I-1100 stops the state's 51.9 percent mark-up
Washington has the highest liquor taxes in the nation. In addition to high taxes, the state also charges a profit margin of 51.9 percent on each liter of alcohol it sells. I-1100 will end the monopoly profits that make ours the most expensive liquor in the country. I-1100 would allow retailers to purchase directly from manufacturers rather than accepting additional costs of a middleman.

I-1100 creates private sector jobs
Closing state liquor stores creates hundreds of new private sector jobs.

I-1100 improves competition
Old laws protect distributors from competition and stifle innovation. 1100 ends Prohibition era laws, improving competition for consumers.

Ending state liquor sales and making enforcement of liquor laws the primary responsibility of the Liquor Control Board is the best way to protect our kids and ensure fair competition. Please vote yes on I-1100.

Rebuttal of Argument Against

Opposition is really about money, not public safety. I-1100 closes state liquor stores and returns state's focus where it belongs: enforcement of liquor laws. I-1100 provides choice and convenience to consumers and grows private sector jobs. Taxes remain but price gouging ends. Local zoning controls where stores are located. California has private liquor sales and fewer alcohol-related driving deaths per capita than Washington. The facts are clear; wild opposition claims are baseless. *I-1100 makes sense*.

Argument Prepared by

Jim Sinegal, CEO, Costco Wholesale Corporation; **Anthony Anton**, President/CEO of 5000 Member Washington Restaurant Association; **Paul Beveridge**, President, Family Wineries of Washington, Owner, Wildridge Winery.

Contact: (206) 381-5396; www.YesTo1100.com

Argument Against Initiative Measure 1100

Initiative 1100 completely deregulates sales and enforcement of hard liquor, beer and wine, threatening public safety and costing taxpayers millions.

More Hard Liquor Consumption, More Problems
Under this scheme hard liquor outlets will explode from 315 to 3,300, three times more per person than California. More than 2,000 convenience stores, neighborhood mini-marts, and gas stations – many near schools and in high crime areas – will sell liquor until 2 am. More consumption means more drunk driving, underage drinking and crime.

1100 Goes Too Far
I-1100 threatens public safety, wiping out alcohol regulation, including enforcement, making Washington the most deregulated state in the country. Washington currently ranks #1 in keeping hard liquor out of the hands of minors, but private outlets like mini-marts are 400% more likely to sell liquor to minors, according to Liquor Control Board data.

1100 Costs Taxpayers
State sales generate over $350 million annually, funding for local schools, health care, police, firefighters, and alcohol and drug abuse prevention. 1100 will wipe out much of that revenue, meaning fewer services, higher taxes, or both. Given our budget crisis now isn't the time to lose these resources.

And 1100 makes it harder for Washington's small businesses to compete. Big out-of-state corporations will be given an unfair competitive advantage over our local craft breweries and wineries – costing us jobs when we can least afford it.

The Washington State Firefighters, Washington Association of Churches, law enforcement leaders and many others agree: Vote *no* on I-1100.

Rebuttal of Argument For

1100 creates an explosion of liquor outlets, to 3,300. Hard liquor will be available at convenience stores and mini-marts, which are 400% more likely to sell to kids. It wipes out enforcement funding, and an independent analysis found 1100 slashes $275 million from services like schools and public safety. Washington's craft brewers and winemakers oppose, because it threatens their ability to compete and create jobs. 1100: too risky, goes too far. Vote no.

Argument Prepared by

Jim Cooper, Washington Association for Substance Abuse and Violence Prevention; **Alice Woldt**, Executive Director, Washington Association of Churches; **Kelly Fox**, President, Washington State Council of Firefighters; **John Lovick**, Snohomish County Sheriff; **Sharon Ness**, RN, Acute Care Nurse; **Craig Sousie**, Emergency Medical Technician, Renton Fire and Emergency Services.

Contact: info@protectourcommunities.com; www.protectourcommunities.com

Initiative Measure

1105

Proposed by initiative petition:

Initiative Measure No. 1105 concerns liquor (beer, wine and spirits).

This measure would close all state liquor stores and license private parties to sell or distribute spirits. It would revise laws concerning regulation, taxation and government revenues from distribution and sale of spirits.

Should this measure be enacted into law?
[ ] Yes
[ ] No

The Official Ballot Title and the Explanatory Statement were written by the Attorney General as required by law. The Fiscal Impact Statement was written by the Office of Financial Management as required by law. The Secretary of State is not responsible for the content of arguments or statements (WAC 434-381-180). The complete text of Initiative Measure 1105 begins on page 108.

Explanatory Statement

Written by the Office of the Attorney General

The Law as it Presently Exists

Currently, the state controls the sale and distribution of spirits in Washington. The term "spirits" refers to the alcoholic beverages commonly called "hard liquor" (whiskies, vodka, gin, etc.), any beverage containing distilled alcohol (except flavored malt beverages), and wines exceeding twenty-four percent alcohol by volume. Spirits are sold at retail by state liquor stores and contract liquor stores (which are businesses selling liquor on behalf of the state through a contract with the state). Spirits are distributed within Washington by the state Liquor Control Board. The Board purchases spirits from manufacturers, distillers, and suppliers, furnishes spirits to state liquor stores, and sells spirits directly to authorized purchasers, such as restaurants. Spirits manufacturers, distillers, and suppliers may sell spirits within the state only to the Board.

The Liquor Control Board is responsible for the general control, management, and supervision of all state liquor stores and contract stores, as well as the state's spirits distribution operation. The Board regulates the kind, character, and location of liquor advertising. The Board is not authorized to advertise its sales of spirits.

The Liquor Control Board sets prices for spirits based on wholesale cost, a markup by the Board, and taxes. The net proceeds from the markup on the sales of spirits are distributed to the state, cities, and counties, according to formulas set by state law. A variety of taxes are imposed on the retail sale of spirits. The generally applicable retail sales tax does not apply to spirits. The tax revenues from sales of spirits are distributed to the state, cities, counties, and to fund specific state and local programs, according to formulas established by state law.

The Effect of the Proposed Measure, if Approved

If approved, Initiative 1105 would direct the Liquor Control Board to close all state liquor stores and to shut down the state's spirits distribution operation. It would allow licensed private parties to sell spirits as retailers or distributors, and it would terminate the state's authority to sell spirits. This would eliminate the net proceeds from the Board's markup on sales of spirits at state liquor stores and contract liquor stores, which are distributed to the state, cities, and counties. The measure would generate new proceeds by requiring private spirits retailers and distributors to pay the state a percentage of their gross sales for five years. The measure would eliminate existing taxes on the retail sale of spirits, and would direct the Board to recommend to the legislature a new tax on the sale of spirits to spirits distributors.

Initiative 1105 would change the Liquor Control Board's powers. It would eliminate the Board's authority to manage liquor stores, distribute spirits, and set spirits prices. It would require the Board to close state liquor stores by April 1, 2012, and to make a good-faith effort to sell its liquor store inventory and assets by that time. It would authorize the Board to issue licenses allowing

private parties to sell or distribute spirits, and to regulate the sale of spirits under those licenses.

Under Initiative 1105, a "spirits retailer license" would allow the license holder to sell spirits at retail in original containers, beginning November 1, 2011. The Board would establish license criteria, making spirits retailer licenses available to applicants who could provide the same degree of safety and security as current state-operated stores. The measure encourages the Board to make spirits retailer licenses available to existing contract stores. Spirits retailer license holders would pay an annual license fee. They would also pay the state six percent of their gross annual spirits sales during their first five years of sales, to be deposited into the state general fund.

Under Initiative 1105, a "spirits distributor license" would allow spirits distributors to buy spirits from manufacturers, distillers, and suppliers, and to sell spirits to any person holding a license to sell spirits in Washington, beginning October 1, 2011. The Board would make spirits distributor licenses available to all applicants who are appointed by, or agents of, spirits manufacturers, distillers, or suppliers, unless the Board determined that issuing a license to a particular applicant would not be in the public interest. Spirits distributors would pay an annual license fee. They would also pay the state one percent of their gross annual spirits sales during their first five years of sales, to be deposited into the state general fund.

The Board would no longer set prices for spirits. Each licensed spirits distributor, and each manufacturer, distiller, and importer, would be required to maintain and adhere to its published price list and to offer uniform pricing to all customers on a statewide basis. Price discrimination would be prohibited. Quantity discounts on spirits would be allowed.

Initiative 1105 would establish a three-tier system for the spirits industry. The three-tier system would separate manufacturing, distributing, and retailing of spirits, and regulate the financial relationships and business transactions among entities in these tiers. Under the three-tier system, licensed spirits retailers would be allowed to purchase spirits only from duly-licensed spirits distributors, with certain limited exceptions. Spirits manufacturers and distillers, and licensed spirits retailers, would not be permitted to have any interest in a spirits distributor license or in any entity that has a spirits distributor license.

Initiative 1105 would repeal existing taxes on the retail sale of spirits. It would direct the Board to recommend to the legislature a new tax that would be paid by licensed spirits distributors on all spirits they purchase. The measure would direct the Board to recommend a tax rate projected to generate, in combination with other spirits-related revenues, at least the same annual revenue for state and local governments as the current state-controlled system of spirits sales and distribution, plus at least an additional one hundred million dollars net over the five-year period beginning November 1, 2011.

Fiscal Impact Statement

Written by the Office of Financial Management

Fiscal Impact

Fiscal impact cannot be precisely estimated because the private market will determine spirits bottle cost and markup. Using a range of assumptions, total state revenues decrease an estimated $486 million – $520 million and total local revenues decrease an estimated $205 million – $210 million, both over five fiscal years. One-time net state revenue gain of $27.8 million is estimated from sale of the state liquor distribution center. One-time state costs are estimated at $39.2 million.

General Assumptions

The initiative uses the term "spirits" to describe alcoholic beverages that are distilled instead of fermented. For purposes of the fiscal impact statement, the term "liquor" is used for "spirits" to maintain consistent terminology. Beer and wine are not spirits or liquor.

Estimates are described using the state's fiscal year (FY) of July 1 through June 30.

A new liquor distributor license is available October 1, 2011, and a new liquor retail license is available November 1, 2011; licensees can begin making sales of liquor on these dates. There is no limit on the number of licenses that can be issued.

By November 15, 2011, the state will no longer operate the state liquor distribution center or state liquor stores.

Estimates assume 3,357 licensed liquor retailers, based on the January 2010 State Government Performance Review by the Washington State Auditor (State Auditor review). Estimates assume 177 licensed liquor distributors based on the

number of current Washington State Liquor Control Board (LCB) licensed beer and wine distributors.

Estimates of impacts are measured against the June 2010 LCB revenue forecast (forecast).

Retail liquor liter sales are estimated to grow 5 percent from increased access to liquor. This assumption is based on an academic study and growth experienced in Alberta, Canada, after converting from state liquor stores to private liquor stores. Additional growth in liquor liter sales is estimated using the forecast price elasticity assumption of 0.49 percent. Price elasticity is a method used to calculate the change in consumption of a good when price increases or decreases. For every 1 percent increase/decrease in price, liquor liter sales increase/decrease 0.49 percent. Growth from increased access and price elasticity is in addition to normal 3 percent growth in liquor liter sales assumed in the forecast.

State and Local Revenues

Actual fiscal impacts depend on liquor bottle cost in the private market and the markup applied by both private liquor distributors and retailers. Therefore, there is a wide range of potential fiscal impacts. Using the LCB forecast's average bottle price for a liter of liquor (before taxes and markup) and a range of total private distributor/retailer markup (at 25 percent, 39.2 percent and 45 percent), a range of potential state and local revenue impacts is estimated.

The range of markup was selected from the following sources:

25 percent is based on U.S. Internal Revenue Service data (sales revenue minus cost of goods) of retail food, beverage and liquor stores throughout the United States.

39.2 percent is forecasted state markup beginning July 1, 2011.

45 percent is the total liquor markup contained in the State Auditor review and is based on information from the Distilled Spirits Council of the United States.

State Revenue

Over five fiscal years, total state revenues are estimated to decrease in the range of $486 million to $520 million. (See page 37, Figure 4.1.)

Local Revenue

Under current law, counties and cities receive a share of state liquor board profits, state liquor excise tax collections. The initiative eliminates these revenue sources on April 1, 2012. Beginning April 1, 2012, retail sales tax would apply to sales of liquor. Many local governments are authorized to impose a local sales tax. Local sales tax will offset some of the revenue lost to counties and cities from the elimination of LCB profits and state liquor excise tax sharing. Other local governments authorized to impose a local sales tax, such as transit districts and public facilities districts, will gain new revenue. Figure 4.2 on page 37 shows the net revenue impact to local governments statewide.

Figures 4.3 and 4.4 on page 37 show the impacts by revenue source. Because it is not known where liquor distributor and retailer licensees will locate, the amount of revenue generated from local sales tax cannot be determined by local jurisdiction. Local revenues are a statewide estimate based on an assumption of a 2.392 percent statewide average local sales tax rate with county sales tax representing 33 percent of the rate, cities representing 34 percent of the rate and other jurisdictions authorized to impose a sales tax representing 33 percent of the rate. Sales tax revenue is dependent on volume of liquor liter sales. Therefore, the revenue impact to each local jurisdiction will vary depending on the total markup applied by both liquor distributors and retailers.

Additional State and Local Revenue Assumptions

The range of Total State Revenues and Total Local Revenues is the sum of revenue gains, revenue losses or no revenue impact from the following assumptions:

The initiative provides that LCB must set a reasonable annual license fee for liquor distributors and liquor retailers. For purposes of this fiscal impact statement, the fee is assumed to be $4,000 for a liquor distributor license and $2,000 for a liquor retailer license. The number of licenses is assumed to be constant for each fiscal year.

Liquor distributor licensees are assumed to be subject to the wholesaling business and occupation (B&O) tax. Liquor retailer licensees are assumed to be subject to the retailing B&O tax.

Liquor liter taxes and liquor sales taxes are repealed by the initiative on April 1, 2012. It is assumed that liquor retailer licensees will collect and remit liquor liter taxes and liquor sales tax until March 31, 2012. Beginning April 1, 2012, liquor sales

will be subject to state and local retail sales tax.

Each liquor distributor licensee must agree to pay, for deposit into the State General Fund, an amount equivalent to 1 percent of the licensee's gross annual liquor sales for a five-year period commencing on the date of the licensee's first sale of liquor. Likewise, each liquor retailer licensee must agree to pay, for deposit into the State General Fund, an amount equivalent to 6 percent of the licensee's gross annual liquor sales for a five-year period commencing on the date of the licensee's first sale of liquor.

Except for the loss of sales in state liquor stores, estimates do not assume any change in pricing or volume of sales of beer and wine.

State liquor stores sell Washington State Lottery products to the public. The estimate assumes 25 percent of these sales will be lost and remaining sales will occur in other outlets selling Washington State Lottery products.

Estimates of sales by current restaurant licensees who sell liquor at retail are limited to changes from price elasticity and the loss of the state's 15 percent quantity price discount to these licensees.

Estimates do not assume any change in sales by liquor stores operated on military bases. Such sales are assumed not to be subject to liquor liter taxes, liquor sales taxes or B&O tax.

Estimates of sales by liquor stores operated by tribes are limited to changes from price elasticity. Such sales are assumed to be subject to liquor liter taxes and liquor sales taxes based on current agreements between tribes and LCB. Sales to non-tribal members are subject to retail sales tax. All sales are not subject to B&O tax.

No additional change is assumed for tax avoidance/non-compliance by consumers or migration of sales in and out of state by consumers. These items are assumed in the forecast price elasticity assumption.

Revenue from the state markup used to pay for the state liquor distribution center and state liquor store costs are netted to zero. The initiative eliminates both the revenue (markup) and the costs (state liquor distribution center and state liquor stores), which results in no additional revenue to the state.

Totals amount includes other decreased distributions from the Liquor Revolving Fund.

Approximately 38 cities and towns impose a local B&O tax. Because it is not known where liquor distributor and liquor retailer licensees will locate, the amount of revenue generated from local B&O tax is indeterminate and not included in the estimate.

The sale of the state liquor distribution center is estimated to generate a potential net $27.8 million in revenue. Because sale date cannot be precisely determined, this revenue is stated separately and excluded from the Total State Revenue estimates above. The value of the state liquor distribution center is estimated to be $20.8 million, based on King County Assessor's Office 2010 assessed value of the property. The sale of the equipment in the state liquor distribution center is estimated to be $8 million, based on the Washington State Auditor report, which assumed the sale of $16 million in assets would return about $8 million. Costs to sell the state liquor distribution center are estimated to total $1 million at the time of sale.

State and Local Expenditures

Total state revenues will be deposited into three state accounts: the State General Fund, the State Opportunity Pathways Account and the Performance Audits of Government Account. The revenue gain to the Performance Audits of Government Account is expected to be minimal, and therefore is not included in the estimates. The following tables show the estimated net revenue impact to the State General Fund and the State Opportunity Pathways Account. Revenue to the State Opportunity Pathways Account is not dependent on the total private liquor distributor/retailer markup, and therefore the estimated revenue loss to this account will not vary.

In addition to revenue from liquor board profits and liquor excise taxes, revenue from beer, wine and other business enterprise activities are deposited into the Liquor Revolving Fund. A portion of revenues in the Liquor Revolving Fund in excess of LCB expenses are deposited into the State General Fund according to a statutory formula. The impact to the State General Fund shown in the table below exceeds Total State Revenues because distributions that would otherwise be deposited into the State General Fund are assumed to remain in the Liquor Revolving Fund for LCB expenses. The amount is estimated at $7 million for each fiscal year beginning in FY 2012. State General Fund revenue can be used for any governmental purpose, and therefore, the impact of decreased revenue on

state expenditures will be determined by the Legislature. (See page 38, Figure 4.5.)

The initiative requires liquor license revenue to be used only for purposes of the administration and enforcement of liquor licenses and reducing underage or abusive consumption. Therefore, an estimated $7.4 million each fiscal year is assumed to be spent on LCB liquor license administration and enforcement activities.

Washington State Lottery proceeds in excess of expenses are deposited into the State Opportunity Pathways Account to support programs such as State Need Grant, State Work Study awards, Washington Scholars and Washington Award for Vocational Excellence. Funds from the account may also be used to support early learning programs. Over five fiscal years, it is estimated that funds to this account will decrease $1,194,000. (See page 38, Figure 4.6.)

Like the State General Fund, counties and cities receive a share of revenue from the Liquor Revolving Fund. Therefore, in addition to decreased liquor profits and liquor excise taxes, other reduced distributions from the Liquor Revolving Fund affect counties and cities. The amount is estimated at $7 million for each fiscal year beginning in FY 2012. RCW 70.96A.087 requires each county and city to spend 2 percent of its share of state liquor board profits and state liquor excise taxes on alcohol and chemical dependency services, and these expenditures will decrease. The remaining revenue from state liquor profits and state liquor excise tax sharing can be used for any allowable local government purpose. Local sales tax must be used as allowed by state law. Therefore, the impact on local government expenditures will be determined at the local level or by state law. (See page 38, Figure 4.7.)

State and Local Cost Estimate Assumptions

This fiscal impact statement does not estimate state costs or state savings due to social impacts from approval of the initiative.

One-Time Costs

Assuming a closure date of November 15, 2011, LCB will incur one-time state costs associated with managing the closure of the state liquor distribution center and state liquor stores. There will be additional one-time costs for issuing new licenses and revenue collection activities. These state costs are estimated to total $30.6 million during FYs 2012 and 2013:

Unemployment, sick leave and vacation buyout costs are estimated at $11.8 million.

Staff and information technology changes to issue new licenses and collect revenues estimated at $5.3 million.

Staffing costs to coordinate the sale of existing inventory, termination of contract store leases, and to surplus store fixtures estimated at $10.2 million.

Final audits of each state and contract liquor store estimated at $1.9 million.

Project management and additional human resource staff estimated at $1.4 million.

The Washington State Department of Revenue will assume administration of the liquor excise tax collection from 3,534 licensed liquor distributors and retailers through April 1, 2012. Costs include additional staff, information technology changes, rule making and policy activities, taxpayer mailings and workshops, supplies and materials. Total state costs are estimated at $313,000 during fiscal years 2011 and 2012.

There is $8.32 million in debt service costs for a Certificate of Participation bond for the state liquor distribution center that is scheduled to be paid by December 1, 2013. This one-time state cost is assumed in FY 2012.

Ongoing Costs

The LCB costs at current levels for the licensing, enforcement and administration for all entities licensed by LCB are assumed to be paid from other revenue sources deposited into the Liquor Revolving Fund. No state costs from increased enforcement activities are assumed in the estimate.

State costs associated with the state liquor distribution center and state liquor stores operations are not assumed as savings because the revenue source (state markup) used to pay these costs is eliminated by the initiative. These costs are netted out of the revenue impacts.

The Washington State Department of Revenue will have no additional ongoing costs from the initiative. Local governments will incur costs for local sales tax collection. The Washington State Department of Revenue collects sales tax for local governments, and is allowed to deduct 1 percent of local sales tax collections for this service for deposit in the State General Fund.

Figure 4.1 Total State Revenues						
Fiscal Year	**2011**	**2012**	**2013**	**2014**	**2015**	**TOTAL**
State Revenue – 25% Markup	($0)	($25,076,000)	($156,695,000)	($164,793,000)	($173,204,000)	($519,768,000)
State Revenue – 39.2% Markup	($0)	($21,257,000)	($150,120,000)	($157,886,000)	($165,947,000)	($495,210,000)
State Revenue – 45% Markup	($0)	($19,731,000)	($147,640,000)	($155,281,000)	($163,210,000)	($485,862,000)

Figure 4.2 Total Local Revenues						
Fiscal Year	**2011**	**2012**	**2013**	**2014**	**2015**	**TOTAL**
Local Revenue – 25% Markup	($0)	($29,227,000)	($55,095,000)	($60,257,000)	($65,667,000)	($210,246,000)
Local Revenue – 39.2% Markup	($0)	($28,897,000)	($53,989,000)	($59,095,000)	($64,446,000)	($206,427,000)
Local Revenue – 45% Markup	($0)	($28,765,000)	($53,571,000)	($58,656,000)	($63,985,000)	($204,977,000)

Figure 4.3 City and County Revenues from Liquor Profits, Liquor Excise Tax and other Revenue						
Fiscal Year	**2011**	**2012**	**2013**	**2014**	**2015**	**TOTAL**
City/ County Revenues	($0)	($32,646,000)	($70,877,000)	(76,826,000)	($83,063,000)	($263,412,000)

Figure 4.4 Local Retail Sales Tax Revenues						
Fiscal Year	**2011**	**2012**	**2013**	**2014**	**2015**	**TOTAL**
Local Revenue – 25% Markup	($0)	$3,419,000	$15,782,000	$16,569,000	$17,396,000	$53,166,000
Local Revenue – 39.2% Markup	($0)	$3,749,000	$16,888,000	$17,731,000	18,617,000	$56,985,000
Local Revenue – 45% Markup	($0)	$3,881,000	$17,305,000	$18,170,000	$19,078,000	$58,434,000

Figure 4.5 State General Fund Impact						
Fiscal Year	**2011**	**2012**	**2013**	**2014**	**2015**	**TOTAL**
State General Fund – 25% Markup	($0)	($31,875,000)	($163,373,000)	($171,462,000)	($179,863,000)	($546,573,000)
State General Fund – 39.2% Markup	($0)	($28,056,000)	($156,799,000)	($164,555,000)	($172,606,000)	($522,016,000)
State General Fund – 45% Markup	($0)	($26,530,000)	($154,319,000)	($161,950,000)	($169,869,000)	($512,668,000)

Figure 4.6 State Opportunity Pathways Account Impact						
Fiscal Year	**2011**	**2012**	**2013**	**2014**	**2015**	**TOTAL**
State Opportunity Pathways Account	($0)	($201,000)	($321,000)	($331,000)	($341,000)	($1,194,000)

Figure 4.7 Total Local Impact						
Fiscal Year	**2011**	**2012**	**2013**	**2014**	**2015**	**TOTAL**
Local Revenue – 25% Markup	($0)	($29,227,000)	($55,095,000)	($60,257,000)	($65,667,000)	($210,246,000)
Local Revenue – 39.2% Markup	($0)	($28,897,000)	($53,989,000)	($59,095,000)	($64,446,000)	($206,427,000)
Local Revenue – 45% Markup	($0)	($28,765,000)	($53,571,000)	($58,656,000)	($63,985,000)	($204,977,000)

Argument For Initiative Measure 1105

Get state government out of the liquor business. Vote *yes* on I-1105 to close state liquor stores and let qualified retailers sell spirits safely and responsibly.

Support Local Firefighters and Law Enforcement
Yes on I-1105 creates more revenue for local firefighters and police protection in cities and counties across the state. Local jurisdictions rely on revenue from liquor sales for services like public safety. I-1105 will "generate at least the same annual revenue for the state and local jurisdictions…as well as an additional $100 million."

I-1105 is Responsible
I-1105 responsibly privatizes liquor sales the way 32 other states currently allow the private sector to operate liquor sales. I-1105 will ensure all taxes are paid and there is a paper trail documenting all liquor sales in the state. Under I-1105, applicants for retail licenses must be qualified to sell spirits and prove they meet certain safety and security standards.

Protects Against Underage Drinking
A *yes* vote on I-1105 will allow the Liquor Control Board to focus on preventing underage drinking, over consumption and making sure there isn't an explosion of liquor stores. Any license holder caught selling to a minor would immediately lose their license.

Better for Consumers and Jobs
I-1105 offers consumers convenience, more variety and more affordable prices while keeping public health and safety standards intact. I-1105 provides for the training and placement of displaced liquor store employees into new jobs in the private sector.

Rebuttal of Argument Against

Initiative 1105 is clear. It will "generate at least the same annual revenue for the state and local jurisdictions as under the current state control system, as well as at least an additional one hundred million dollars."

That's more money for local firefighters, police officers, and teachers in our neighborhoods.

Vote yes on I-1105 to responsibly get the state out of the liquor business and let qualified businesses in the private sector sell spirits safely.

Argument Prepared by

Jack Rabourn, Former Washington State Liquor Control Board Member; **Al O'Brien**, State Representative, former Criminal Justice Committee Chairman; **Ken Oplinger**, Bellingham/Whatcom Chamber of Commerce & Industry President; **Tom Pierson**, Federal Way Chamber of Commerce CEO; **Po Chang**, President of Summa Foods; **Charlie James**, African American Business and Employment Activist and Columnist.

Contact: (877) YES-1105; info@liquorreform.org; www.liquorreform.org

Argument Against Initiative Measure 1105

Initiative 1105 will increase taxes and decrease public safety.

More Hard Liquor Consumption, More Problems
I-1105 allows hard liquor stores to explode from 315 to more than 3,300: three times more per person than California. More than 2,000 convenience stores, neighborhood mini-marts, and gas stations – near schools, churches, and in high crime areas – will sell hard liquor, until 2 am. More consumption means more drunk driving, more underage drinking, and more crime. Using California's rate of binge drinking as an example we can expect 40,000 *more* irresponsible drinkers in our state.

1105 Wipes Out All Liquor Taxes
1105 repeals *all state liquor taxes* and directs the legislature make up the difference with *new taxes*. That means more taxes on the middle class. We can't trust the Olympia politicians to get this right.

The current system generates $350 million annually to pay for schools, health care, police, firefighters, and alcohol prevention. 1105 will eliminate all that revenue. The state has a huge budget shortfall – now is not the time to make it worse.

1105 Puts Public Safety at Risk
Washington currently ranks #1 nationally in keeping hard liquor away from minors, but private outlets like mini-marts are 400% more likely to sell alcohol to minors according to Liquor Control Board data. Let's not make it easier for kids and drunk drivers to get liquor.

The Washington State Council of Firefighters, Washington Association of Churches, law enforcement leaders and community leaders agree: Vote *no* on I-1105.

Rebuttal of Argument For

The big corporations funding this initiative have gone too far. 1105 harms community services, costs taxpayers and cost jobs. It eliminates enforcement funding for underage purchases and all liquor taxes and leaves it to the legislature to make up the difference. An independent analysis found that 1105 will *reduce* revenue by over $700 million, slashing funding from schools and public safety. That's why small businesses, teachers, and law enforcement leaders say: vote no.

Argument Prepared by

Jim Cooper, Washington Association for Substance Abuse and Violence Prevention; **Alice Woldt**, Executive Director, Washington Association of Churches; **Kelly Fox**, President, Washington State Council of Firefighters; **John Lovick**, Snohomish County Sheriff; **Sharon Ness**, RN, Acute Care Nurse; **Craig Sousie**, Emergency Medical Technician, Renton Fire and Emergency Services.

Contact: info@protectourcommunities.com; www.protectourcommunities.com

Initiative Measure

1107

Proposed by initiative petition:

Initiative Measure No. 1107 concerns reversing certain 2010 amendments to state tax laws.

This measure would end sales tax on candy; end temporary sales tax on some bottled water; end temporary excise taxes on carbonated beverages; and reduce tax rates for certain food processors.

Should this measure be enacted into law?

[ ] Yes
[ ] No

The Official Ballot Title and the Explanatory Statement were written by the Attorney General as required by law. The Fiscal Impact Statement was written by the Office of Financial Management as required by law. The Secretary of State is not responsible for the content of arguments or statements (WAC 434-381-180). The complete text of Initiative Measure 1107 begins on page 117.

Explanatory Statement

Written by the Office of the Attorney General

The Law as it Presently Exists

Taxes imposed by the state of Washington include a retail sales tax, a temporary excise tax on the sale of some carbonated beverages, and a business and occupation (B&O) tax on the privilege of engaging in various business activities in the state. Each of these taxes produces revenue that is deposited into the state general fund for the general support of programs of state government.

The sales tax is imposed on retail sales in the state. Sales of some products are exempt from the sales tax, including the sale of food and food ingredients. Until 2010, food and food ingredients included candy and bottled water. Consequently, candy and bottled water were exempt from the sales tax.

In 2010, the legislature amended the law to remove candy from the sales tax exemption for food and food ingredients. Candy became subject to the sales tax effective June 1, 2010. Candy is defined as a preparation of sugar, honey, or other sweeteners in combination with chocolate, fruits, nuts, or other ingredients or flavorings in the form of bars, drops, or pieces. Candy does not include products that contain flour or require refrigeration.

In 2010, the legislature amended the law to remove bottled water from the sales tax exemption for food and food ingredients. Bottled water became subject to the sales tax effective June 1, 2010, and ending July 1, 2013. In 2010, the legislature also enacted a statutory amendment that the sales tax would continue to apply to bottled water after July 1, 2013, if the voters approve Referendum 52 at the November 2010 general election. Bottled water is water sold in sealed containers for human consumption. Bottled water sold for medical purposes or to people who do not otherwise have a readily available source of clean water remains exempt from sales tax.

In 2010, the legislature enacted an excise tax on the sale of certain carbonated beverages sold in the state. The tax took effect July 1, 2010, and expires on July 1, 2013. The carbonated beverages subject to this tax are nonalcoholic beverages that are naturally or artificially carbonated, and contain caffeine, extracts, fruit juice, herbs, sweeteners, or syrup. The tax is calculated at the rate of two cents per twelve ounces, and is applied once, either at the wholesale or retail level. The tax does not apply to the first ten million dollars of carbonated beverages sold in the state by any bottler.

The B&O tax is imposed on various business activities in the state, such as manufacturing, selling, or providing services. The rate of the tax varies, depending upon the type of activity in

which the business engages. As a general rule, businesses engaged in manufacturing pay a tax at the rate of 0.484 percent of the value of the products they manufacture. Lower rates apply to some manufacturing activities.

In 2010, the legislature amended statutes governing the B&O tax on manufacturing meat products. For perishable meat products, the amendments apply a tax rate of 0.138 percent of the value of the manufactured product. For nonperishable meat products, the amendments apply a tax rate of 0.484 percent of the value of the manufactured product.

In 2010, the legislature amended statutes governing the B&O tax on manufacturing fruit and vegetable products by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables. Under the 2010 law, an exemption from the B&O tax for manufacturing fruit and vegetable products is limited to products that contain only fruits, vegetables, or both (and certain other substances such as water, sugar, salt, seasonings, preservatives, and similar substances). The exemption does not apply to manufacturing other products that contain fruits or vegetables as ingredients, which are consequently taxed at the rate of 0.484 percent of the value of the manufactured product. Under the 2010 law, when the exemption from B&O tax on manufacturing fruit and vegetable products expires on July 1, 2012, manufacturing fruit and vegetable products containing only fruits, vegetables, or both (and certain other substances such as water, sugar, salt, seasonings, preservatives, and similar substances) will be taxed at the rate of 0.138 percent of the value of the manufactured product. Manufacturing of other products that contain fruits or vegetables as ingredients are taxed at the rate of 0.484 percent of the value of the manufactured product.

The Effect of the Proposed Measure, if Approved

The measure would repeal the 2010 law applying the sales tax to candy. The measure also would repeal the 2010 law applying the sales tax to bottled water beginning June 1, 2010, and expiring July 1, 2013, and would repeal the 2010 law providing that, if the voters approve Referendum Measure 52 at the November 2010 general election, the sales tax would continue to apply to bottled water after July 1, 2013.

The measure would repeal the 2010 law enacting a temporary excise tax on carbonated beverages.

The measure would repeal the 2010 law that limits to perishable meat products a 0.138 percent B&O tax rate relating to manufacturing meat products.

The measure would repeal the 2010 law that limits the B&O tax exemption relating to manufacturing fruit and vegetable products, to manufacturing products that contain only fruits, vegetables, or both (and certain other substances such as water, sugar, salt, seasonings, preservatives, and similar substances). The measure also would repeal the 2010 law that limits a 0.138 percent B&O tax rate on manufacturing fruit and vegetable products applicable after the exemption expires in 2012, to products that contain only fruits, vegetables, or both (and certain other substances such as water, sugar, salt, seasonings, preservatives, and similar substances).

Fiscal Impact Statement

Written by the Office of Financial Management

Fiscal Impact

Over five fiscal years, the initiative reduces State General Fund revenues by an estimated $352 million and state performance audit revenue by an estimated $359,000. Revenue for local jurisdictions authorized to impose a sales tax is reduced by $83 million over five fiscal years. Taxpayer noncompliance and confusion could result in additional state and local government revenue decreases up to $8.7 million and $1.8 million, respectively, in fiscal year 2011. Net state costs to administer the tax revisions are $98,200 over five fiscal years.

General Assumptions

Estimates are based on information provided by state agencies during the 2010 legislative session for Second Engrossed Substitute Senate Bill 6143 (2ESSB 6143) and updated to the June 2010 Washington State Economic and Revenue Forecast.

Estimates are described using the state's fiscal year (FY) 2012 (July 1, 2011, through June 30, 2012).

Estimates exclude approximately $273,000 in costs already incurred to implement 2ESSB 6143.

State and Local Revenues Assumptions

State revenues are estimated to decrease by $352 million over five fiscal years as described below. State revenues deposited in the State General Fund may be used for any government purpose such as education services; social, health and environmental services; and other general government activities. State revenues deposited in the State Performance Audit Account are used by the Washington State Auditor to conduct comprehensive performance audits required under RCW 43.09.470.

Local revenue is estimated to decrease by $83 million over five fiscal years for local jurisdictions that are authorized to impose a sales tax. An estimated 373 local jurisdictions, such as counties, cities and transit districts, are authorized to impose a sales tax. Local sales tax revenue must be spent as allowed by state law.

State and local revenue estimates are based on the following data sources and assumptions:

The initiative is effective December 2, 2010.

Price elasticity is 0.9 for candy, gum, bottled water and carbonated beverages.

Sales tax on candy – State consumption and sales data of candy and gum are from the National Confectioners Association and the U.S. Department of Commerce.

Sales tax on bottled water – State consumption and sales data are from the 2008 Beverage Digest Fact Book. Fiscal impact ends on June 30, 2013, when the tax is scheduled to expire.

Excise tax on carbonated beverages – State consumption and sales data are from the 2008 Beverage Digest Fact Book and additional information is from industry resources. Fiscal impact ends on June 30, 2013, when the tax is scheduled to expire.

Food processors business and occupation (B&O) tax – Washington State Department of Revenue excise tax return data.

Local revenues are a statewide estimate based on the assumption of a statewide average local tax rate of 2.392 percent. (See page 43, Figure 5.1.)

See page 43, Figures 5.2 and 5.3 for total State General Fund and local government revenue impacts by tax type. Revenues are adjusted to reflect the effect of price elasticity on carbonated beverages if the excise tax is eliminated.

Carbonated beverage consumption is assumed to increase, resulting in increased estimated state and local government retail sales tax, and state B&O tax collections.

Initiatives take effect 30 days after the General Election, which is December 2, 2010. Based on the state's experience with the repeal of the Motor Vehicle Excise Tax, it is noted that many taxpayers assume taxes are repealed when election results are announced. Therefore, approval of the initiative could increase non-compliance with payment of tax, which would result in further decreased revenue to the state and to local governments. One month of state and local government tax receipts, representing taxable activity from November 2, 2010, to December 2, 2010, is estimated to be $8.7 million and $1.8 million, respectively, assuming a 100 percent non-compliance rate.

State and Local Cost Estimate Assumptions

An estimated 207,700 businesses are affected by the tax revisions. The Washington State Department of Revenue will incur one-time costs during FY 2011 in the amount of $204,600 to notify businesses of the repealed taxes. Thereafter, costs to implement the taxes are netted against costs avoided from repealing the taxes. This results in net savings during FYs 2013–2015, as shown on page 43, Figure 5.4.

Because the Washington State Department of Revenue administers and collects local sales tax, no costs or cost savings are assumed for local governments.

Figure 5.1 Total State and Local Revenues					
Fiscal Year	**2011**	**2012**	**2013**	**2014**	**2015**
Total State General Fund	($54,779,000)	($107,825,000)	($109,743,000)	($42,676,000)	($36,943,000)
Total State Performance Audit Account	($47,000)	($100,000)	($104,000)	($56,000)	($52,000)
Total Local Revenue	($10,662,000)	($23,369,000)	($24,136,000)	($12,887,000)	($11,946,000)

Figure 5.2 General Fund Revenue by Tax Type – STATE					
Fiscal Year	**2011**	**2012**	**2013**	**2014**	**2015**
Sales Tax on Candy	($15,191,000)	($31,250,000)	($31,686,000)	($32,114,000)	($32,530,000)
Sales Tax on Bottled Water	($16,083,000)	($33,768,000)	($35,355,000)	($3,086,000)	$0
Excise Tax on Carbonated Beverages	($23,064,000)	($41,449,000)	($41,200,000)	($3,413,000)	$0
Food Processors B&O Tax	($1,932,000)	($4,028,000)	($4,165,000)	($4,284,000)	($4,413,000)
Revenue Adjustment – Carbonated Beverage Price Elasticity	$1,491,000	$2,670,000	$2,663,000	$221,000	$0
Total State General Fund Revenue Impact	($54,779,000)	($107,825,000)	($109,743,000)	($42,676,000)	($36,943,000)

Figure 5.3 Revenue by Tax Type – LOCAL					
Fiscal Year	**2011**	**2012**	**2013**	**2014**	**2015**
Sales Tax on Candy	($5,579,000)	($11,476,000)	($11,636,000)	($11,793,000)	($11,946,000)
Sales Tax on Bottled Water	($5,593,000)	($12,810,000)	($13,412,000)	($1,170,000)	$0
Revenue Adjustment – Carbonated Beverage Price Elasticity	$510,000	$917,000	$912,000	$76,000	$0
Total Local Revenue Impact	($10,662,000)	($23,369,000)	($24,136,000)	($12,887,000)	($11,946,000)

Figure 5.4					
Fiscal Year	**2011**	**2012**	**2013**	**2014**	**2015**
Department of Revenue	$204,600	$10,300	($71,900)	($22,100)	($22,100)

Argument For Initiative Measure 1107

Yes on 1107 Ends the Costly, Arbitrary Taxes the Legislature Imposed on Food and Beverages.
In the last hours of the recent special session, the Legislature imposed new and higher taxes on thousands of food and beverage products.

These taxes on bottled water, soda, candy and processed foods containing meat, fruits and vegetables will cost Washington consumers and businesses more than $300 million over the next three years.

That hurts Washington food producers, bottlers, grocers and consumers – especially middle and lower income families and seniors, who can least afford higher grocery bills.

Furthermore, none of these taxes are dedicated to anything. They all go into the general fund for the politicians to spend however they want.

The Politicians' Tax Scheme Makes No Sense.
The Legislature imposed taxes on hundreds of candy products, and even some health food products like energy bars, but exempted hundreds of other candy products.

Moreover, the politicians increased taxes on processed food products made by local Washington food companies, but not on similar products made by their competitors in other states or countries. That puts locally-made food products at a competitive disadvantage.

Vote Yes on 1107 – Stop Taxes on Groceries!
Yes on 1107 ends the politicians' costly, unfair new tax scheme and tells them to do more to cut government spending instead of taxing food and beverage products.

Yes on 1107 is supported by a coalition of tens of thousands of Washington taxpayers, farmers, food processors and small grocery store owners.

Rebuttal of Argument Against

Arguments against 1107 are false and misleading. The legislature imposed new taxes on thousands of grocery items – including water, processed foods with meat, fruit and vegetables and even some organic foods. These taxes are not dedicated to education or anything else. They all go to the general fund. They're all ultimately paid by you, the consumer – not by out-of-state companies. Taxing food and beverages is wrong. Vote *yes* on 1107. Stop grocery taxes.

Argument Prepared by

Ed & Roxanne Husmann, Farmers, Ed's Apples, Sultan; **Marc Wallace**, Grocery Store Manager, Baker's Corner Store, Longview; **James Connelly**, Owner, Lodi Water Company, Chewelah; **Tim Martin**, President, Harbor Pacific Bottling, Elma; **Pierson Clair**, President, Brown & Haley, Makers of Almond Roca; **Terri Jean Racy**, Grocery Store Owner, Aeneas Valley General Store, Tonasket.

Contact: (800) 856-6851; info@StopGroceryTaxes.com; www.StopGroceryTaxes.com

Argument Against Initiative Measure 1107

Reject 1107: Harms schools and kids
1107 strips $300 million that funds schools, kids' health and other basic services by eliminating small, mostly temporary taxes on non-essential items like gum, soda and candy. With communities across Washington still reeling from the recession, 1107 would dig the hole deeper, creating additional burdens for families and threatening Washington's economic recovery.

American Beverage Association Misleading Voters
Out-of-state soda manufacturers have written and funded 1107 to line their own pockets. The beverage lobby is spending millions misleading voters – don't be fooled. Contrary to their claims, there is no "food tax" in Washington. This initiative concerns non-essential items, not groceries.

The wrong approach in these tough times
The taxes on candy and soda were a part of a balanced solution to the economic crisis, which included $4 in cuts for every $1 in new revenue. Repealing them now will mean even deeper cuts. Across the country, states are taking the same, balanced approach as we did because it is the responsible thing to do.

Epidemic of childhood obesity costing taxpayers
Sugar sweetened sodas and candy have zero nutritional value and contribute to an epidemic of childhood obesity and diabetes – with taxpayers footing the bill. It makes sense that highly profitable soda companies pay a small amount to help cover some of the health costs their products create.

Don't let the American Beverage Association buy a special tax break for themselves while harming Washington families. Vote *no* on 1107.

Rebuttal of Argument For

Look behind the curtain: the national soda lobby is financing 1107. The American Beverage Association is providing 99.9 percent of the funding – more than $10 million dollars! They don't care about Washington families, just their own profits. Don't let them buy this election with their deceptive campaign. This is about non-essentials, not groceries. A couple pennies more for a can of soda is worth it to preserve schools and health care. Vote no.

Argument Prepared by

Nyda Galbreath, First grade teacher, Board member, Washington Education Association; **Dr. Jeffrey Smith**, Medical Director, Community Health Care, Pierce County; **Laura Hitchcock**, Executive Director, Washington State Public Health Association; **Doug Shadel**, President, AARP of Washington; **Tara Lerew**, Registered Nurse; **Paola Maranan**, Executive Director, Children's Alliance.

Contact: info@VoteNo1107.com

Referendum Bill

52

Proposed to the people by the Legislature:

The legislature has passed Engrossed House Bill No. 2561, concerning authorizing and funding bonds for energy efficiency projects in schools.

This bill would authorize bonds to finance construction and repair projects increasing energy efficiency in public schools and higher education buildings, and continue the sales tax on bottled water otherwise expiring in 2013.

Should this bill be:
[ ] Approved
[ ] Rejected

Votes cast by the 2010 Legislature on final passage:
Senate: Yeas, 28; Nays, 18; Absent, 0; Excused, 3
House: Yeas, 59; Nays, 38; Absent, 0; Excused, 1

The Official Ballot Title and the Explanatory Statement were written by the Attorney General as required by law. The Fiscal Impact Statement was written by the Office of Financial Management as required by law. The Secretary of State is not responsible for the content of arguments or statements (WAC 434-381-180). The complete text of Referendum Bill 52 begins on page 124.

You are voting to Approve or Reject the bill passed by the Legislature

Approve – you *favor* the bill passed by the Legislature.

Reject – you *don't favor* the bill passed by the Legislature.

Explanatory Statement

Written by the Office of the Attorney General

The Law as it Presently Exists

The State of Washington issues bonds as one way of borrowing money for various public purposes. Bonds are written agreements, under which the state agrees to pay the borrowed money back over a stated period of time, with interest. One type of bond is referred to as a "general obligation bond," which means that the state promises to repay the bonds from its general revenues, rather than from a dedicated source of revenue. The state pledges its full faith and credit toward the repayment of general obligation bonds. The state constitution limits the amount of money the state can borrow, except for debt approved by the voters.

The state receives revenue in the form of taxes, including the state sales tax. The sales tax currently applies to most purchases of bottled water. The law makes exceptions for bottled water that is sold for certain medical purposes, or to people who do not otherwise have a readily available source of clean water. Current law also provides that the application of the sales tax to bottled water will expire July 1, 2013, and after that date the sales tax will no longer apply to purchases of bottled water.

The Effect of the Proposed Referendum, if Approved

This measure asks the voters to approve the state's issuance of general obligation bonds to pay for certain construction and repair projects to improve energy efficiency in public schools and in higher education buildings. The measure would authorize the state to borrow $505 million by issuing bonds to be repaid from future revenue.

The money raised by selling the bonds would be deposited into the state treasury, and would be used to make financial grants to public school districts, public universities, colleges and community colleges, and other public agencies. The grants would be used to pay for capital improvements for energy, utility, and operational cost savings.

Grants would be awarded on a competitive basis, based on applications explaining what particular projects applicants propose to use the money to achieve. Grants would be awarded in competitive

rounds, with at least five percent of the money in each round awarded to small public school districts with fewer than one thousand students. Each project would be weighted, based on: (a) the availability of nonstate money to assist in funding the project; (b) the energy savings to be achieved by the project; and (c) how quickly the project could be ready to proceed. The dollar amounts awarded for each project would be determined in order to fund the maximum number of projects with the greatest energy and cost benefit. Only eight-five percent of projects for which applications are submitted could be funded in each round, until the last round.

General state revenues would be used to repay the bonds. If the voters approve this measure, then an amendment to state law would take effect that removes the expiration date for applying the state sales tax to purchases of bottled water. This would have the effect of continuing the collection of sales tax on purchases of bottled water after July 1, 2013, when that tax would otherwise expire. This measure states that the legislature intends to increase state revenue in this way in order to pay for a portion of the costs of repaying the bonds authorized by this measure.

Fiscal Impact Statement

Written by the Office of Financial Management

Fiscal Impact

Referendum 52 authorizes the issuance of $505 million in state general obligation bonds to fund capital improvements for energy efficiency in buildings owned by public school districts and public higher education institutions. Twenty-nine-year debt service costs are estimated to total $937 million, for an average annual state cost of $32.3 million. Other state costs are estimated to be $2.2 million annually through fiscal year 2015. The sales tax on bottled water is estimated to increase State General Fund revenues an annual average of $39.8 million and increase local government revenues an annual average of $14.9 million.

General Assumptions

Estimates are based on information provided by state agencies during the 2010 legislative session for Engrossed House Bill 2561 (EHB 2561) and updated to the June 2010 Washington State Economic and Revenue Forecast.

Removing the expiration of sales tax on bottled water is contingent on approval of the referendum.

Estimates are described using the state's fiscal year of July 1 through June 30.

State and Local Revenues and Expenditures Estimate Assumptions

The state will obtain $503.3 million in funds (bond proceeds) over five fiscal years from the issuance of $505 million in state general obligation bonds. Bond issuance schedule assumptions are from the Washington State Department of Commerce. (See page 48, Figure 6.1.)

Bond funds will be expended as grants to public school districts and public higher education institutions through a competitive process. The following data are the estimated state grant expenditures and corresponding increased revenue to public school districts and public higher education institutions. The estimated expenditures are not reduced for allowable state agency administrative fees.

An estimated 2,049 buildings owned by 295 public school districts and 1,440 buildings owned by 40 public higher education institutions, for a total of 3,489 buildings, may be eligible for grants. Data are from the Washington State Department of General Administration, Higher Education Coordinating Board and Office of Superintendent of Public Instruction. At least 5 percent of the total grant amount must be awarded to public school districts with fewer than 1,000 full-time equivalent students. (See page 48, Figure 6.2.)

Referendum 52 would remove the June 30, 2013, expiration of the sales tax on bottled water. State revenues are estimated to increase by an annual average of $39,808,600 and local revenues are estimated to increase by an annual average of $14,868,600. Revenue estimates are based on state consumption and sales data contained in the 2008 Beverage Digest Fact Book. Local revenues are a statewide estimate based on an assumption of a 2.392 percent statewide average local sales tax rate.

State revenues deposited in the State General Fund can be used for any governmental purpose, including payment of state bond debt service costs. Revenue will increase for local jurisdictions authorized to impose a sales tax (counties, cities, transit, etc.); the local sales tax revenue must be

used as allowed by state law. Total state and local government revenue impacts are summarized in Figure 6.3, page 48.

State and Local Indebtness Estimate Assumptions

Assuming a bond payment term of 25 years for each issuance and the June 2010 Washington State Economic and Revenue Forecast Council Bond Buyer Index, total 29-year state debt service for the bonds is estimated to be $937,031,878, for an average annual debt service payment of $32,311,444. Data below are supplied by the Office of the State Treasurer. No local government debt is assumed from the referendum. (See page 48, Figure 6.4.)

State and Local Cost Estimate Assumptions

The Washington State Department of Commerce, Washington State Department of General Administration and Washington State University Energy Program will incur costs to develop and administer the competitive grant program. Costs include staff salaries and benefits, grant administration, grant workshops, supplies and materials. The Washington State Department of General Administration will incur additional costs to conduct energy saving audits for grant applicants and to manage approved projects. The Washington State Department of Revenue will incur costs to refund sales tax to persons who have purchased bottled water with a prescription or who have no potable water. Total costs are estimated to average $2,195,409 annually. Data are supplied by state agencies. (See page 49, Figure 6.5.)

Figure 6.1 Bond Value, Costs and Net Revenue					
Fiscal Year	**2011**	**2012**	**2013**	**2014**	**2015**
Bond Value	$5,000,000	$70,000,000	$150,000,000	$150,000,000	$130,000,000
Cost of Bond Issuance	($17,038)	($238,533)	($511,142)	($511,142)	($442,990)
Net Revenue to Washington Works Account	$4,982,962	$69,761,467	$149,488,858	$149,488,858	$129,557,010

Figure 6.2 Estimated State Grant Expenditures and Increased Local Revenue					
Fiscal Year	**2012**	**2013**	**2014**	**2015**	**2016**
Expenditures from Washington Works Account	($17,362,232)	($130,615,624)	($149,363,819)	($144,362,639)	($55,000,000)
Revenue (Grants) to Public Schools and Higher Education Institutions	$17,362,232	$130,615,624	$149,363,819	$144,362,639	$55,000,000

Figure 6.3 Total State and Local Revenue Impacts					
Fiscal Year	**2014**	**2015**	**2016**	**2017**	**2018**
Total State General Fund	$33,867,000	$38,609,000	$40,346,000	$42,162,000	$44,059,000
Total State Performance Audit Account	$55,000	$63,000	$66,000	$69,000	$72,000
Total Local Revenue	$11,680,000	$14,647,000	$15,306,000	$15,995,000	$16,715,000

Figure 6.4 State Indebtedness						
Fiscal Year	**2011**	**2012**	**2013**	**2014**	**2015**	**TOTAL**
Bond Value	$5,000,000	$70,000,000	$150,000,000	$150,000,000	$130,000,000	$505,000,000
Average Coupon (Interest) Rate	4.74%	4.76%	5.30%	5.68%	6.01%	
Debt Service	$8,586,984	$120,461,348	$272,420,147	$282,697,792	$252,865,607	$937,031,878

Figure 6.5 State Costs					
Fiscal Year	**2011**	**2012**	**2013**	**2014**	**2015**
Dept. of Commerce	$779,917	$639,114	$639,114	$639,114	$639,114
Dept. of General Administration	$16,222	$2,026,151	$2,026,151	$1,701,403	$1,701,403
WSU Energy Program	$48,421	$17,880	$17,880	$17,880	$17,880
Dept. of Revenue	$0	$0	0	$0	$49,400
Total State Costs	$844,560	$2,683,145	$2,683,145	$2,358,397	$2,407,797

Argument For Referendum Bill 52

Referendum 52: Healthy Schools for Washington
Our kids deserve safe, healthy learning environments. But too many of our school buildings are aging and dilapidated. Many are riddled with mold, lead, asbestos and other toxins. Referendum 52 will change that by creating $505 million in bonding capacity dedicated to repairing public schools, community colleges and university buildings across the state. Taxpayers will save an estimated $130 million annually in energy costs.

Making Our Schools Safe for Learning
Referendum 52 will protect our kids by helping to remove asbestos, mold and other toxic substances from contaminated public school buildings. It will repair heating and air conditioning systems and replace deteriorating windows so our schools provide a healthy environment where kids can focus on learning. Our kids should not be put at risk by going to school – Referendum 52 will make our schools safer.

Creating Jobs Across the State
New improvements mean new jobs. Last year over 105,000 jobs were lost in Washington State. Repairing our aging school buildings will create 30,000 new construction jobs. Every school district will benefit, which will bring new employment opportunities to every community across Washington State.

Saving Energy and Money
Referendum 52 will save taxpayers money. It requires that only projects with energy cost savings greater than the cost of the project can receive funding. All spending will be subject to audits, and must be fully publicly disclosed.

Referendum 52 means safer schools, more jobs, and lower costs over time. Vote yes on Referendum 52.

Rebuttal of Argument Against

R-52 *will reduce* State debt: Contrary to the opponents' claims, R-52 will lower state debt over time. Repairing existing schools will extend the life of school buildings. Less new building construction means less new debt – saving an estimated $600 million in new school construction bonds over the next eight years. R-52 will save energy and money, create jobs and make schools healthy places for our kids to learn. Approve R-52!

Argument Prepared by

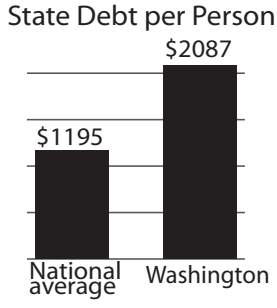
Ralph Munro, former Republican Secretary of State; **Sharon Ness**, Pierce County Nurse; **Patrick Nicholson**, Head Custodian Kitsap School District, Washington Education Association; **Rick Schrader**, Spokane small business Pro-Heating and Air Conditioning; **Joan Crooks**, Executive Director Washington Environmental Council; **Eric Martinson**, Sheet Metal Workers Local 66.

Contact: (206) 434-0979; www.HealthyschoolsforWA.org

Argument Against Referendum Bill 52

Vote No on Referendum 52: More Debt and Taxes Aren't the Answer

Already, State Government's Debt Per Person is Nearly Twice the National Average



Debt Service has Grown Faster than Education Spending; R-52 Exacerbates the Problem
Debt expenses consume 84% more taxpayer dollars now than 12 years ago, reaching $1.8 billion in the 2010 budget. Debt service costs more than the Department of Corrections, UW, WSU, or state parks.

Olympia should be reducing debt; higher debt costs mean less for core services.

R-52 Sidesteps Constitutional Debt Limit that Protects Taxpayers
R-52 authorizes debt outside the Article 8, Section 1 constitutional limit. This is unwise and unnecessary. Lottery proceeds should go to school construction, but they and other funds (nearly $1 billion total) are being diverted. Trading huge long-term debt and a permanent bottled-water tax for short-term jobs doesn't add up.

More debt? More taxes? Please vote no on R-52.

Rebuttal of Argument For

Schools? Only 5% is guaranteed to K-12. Most funds will go to universities.

Jobs? The state's economists estimate 5,700 short-term construction jobs, not 30,000. The nearly $1 billion cost of repaying R-52 costs taxpayers $162,000 per job.

Health? For 40 years, state law has required healthy schools. R-52 criteria make no mention of asbestos, mold, or school health. This is "bait-and-switch."

Washingtonians already bear more government debt per person than Californians. Vote *no*.

Argument Prepared by

Joseph Zarelli, State Senator, Ranking Member, Ways and Means Committee; **Judy Warnick**, State Representative, Ranking Member, Capital Budget Committee; **Rodney Tom**, State Senator, Vice-Chair, Ways and Means Committee.

Contact: No information submitted

Senate Joint Resolution

8225

Proposed to the People by the Legislature
Amendment to the State Constitution:

The legislature has proposed a constitutional amendment concerning the limitation on state debt.

This amendment would require the state to reduce the interest accounted for in calculating the constitutional debt limit, by the amount of federal payments scheduled to be received to offset that interest.

Should this constitutional amendment be:
[ ] Approved
[ ] Rejected

Votes cast by the 2010 Legislature on final passage:
Senate: Yeas, 44; Nays, 0; Absent, 0; Excused, 5
House: Yeas, 69; Nays, 27; Absent, 0; Excused, 2

The Official Ballot Title and the Explanatory Statement were written by the Attorney General as required by law, and revised by the court. The Secretary of State is not responsible for the content of arguments or statements (WAC 434-381-180). The complete text of Senate Joint Resolution 8225 begins on page 129.

Explanatory Statement

Written by the Office of the Attorney General; revised by the court

The Constitutional Provision as it Presently Exists

Article VIII, section 1, of the Washington Constitution authorizes the state to borrow money, by issuing bonds, notes, and other evidences of indebtedness, to be repaid over time with interest. That provision of the state constitution also sets a limit on the aggregate debt the state may assume. The aggregate debt contracted by the state cannot exceed an amount for which the payments of principal and interest in any fiscal year exceed nine percent of the average general state revenues for the previous three fiscal years. "General state revenues" are defined to include all money received by the state treasury from any source, with certain exceptions. Not all state debt is subject to the debt limit.

The Effect of the Proposed Amendment, if Approved

The proposed amendment would not change the constitutional debt limit. It would modify the annual calculation used to determine whether the state's debt is within the constitutional limit. The amendment would require the state, in annually calculating the amount required for payment of interest on its general obligation debt, to subtract scheduled federal payments to be received each year in respect of bonds, notes, or other evidences of indebtedness. Under the constitution, the debt the state may issue is based in part on the total amount of the state's annual principal and interest payments. Therefore, subtraction of federal payments to be credited against interest on the debt could affect the amount of aggregate debt that the state may incur.

Fiscal Impact Statement

Not required by law

Argument For

Senate Joint Resolution 8225

This State Constitutional Amendment will reduce the cost to state taxpayers for schools, college and university buildings, parks and open space, community facilities, local infrastructure, prisons, and public buildings by reducing the net interest rate paid on General Obligation Bonds issued by the State.

The federal government has changed the way it subsidizes interest rates for bonds issued by state and local governments. This amendment changes the definition of "interest" in our State Constitution, to make State General Obligation Bonds eligible for this new federal subsidy, called "Build America Bonds." With this amendment, the state's constitutional debt limit would be calculated by using the "net" interest paid (after federal reimbursement) rather than the current "full" interest amount paid.

At present, state transportation bonds and local government bonds are eligible for – and are using – this benefit. Savings are substantial! Last October the state used these Bonds to borrow money for transportation projects and we saved $63 million – enough to build a new ferry!

If we could do the same with state General Obligation Bonds it is estimated we can save taxpayers more than $100 million during the next two years alone!

It does not change the state's constitutional debt limit. It would not obligate the state or federal government to more debt.

Please vote *"yes"* to lower state taxpayer cost of State General Obligation Bonds so that we can reduce the cost of projects for schools, colleges and universities, parks, community facilities, local infrastructure, prisons, and public buildings!

Rebuttal of Argument Against

SJR8225 does *not increase debt* and does *not raise the state's constitutional debt limit*.

Just like refinancing a home mortgage at a lower interest rate, this lets *scarce tax dollars stretch farther* and do more.

Local governments and state highway projects already *save money* using this method.

Why pay more than we have to – to build schools, parks, and public buildings?

Vote *"yes"* – Get more for your tax dollars!

Argument Prepared by

Jim L. McIntire, Washington State Treasurer; **Sen. Karen Fraser**, 22nd Legislative District, Capital Budget Chair; **Sen. Lisa Brown**, 3rd Legislative District, Senate Majority Leader; **Sen. Dale Brandland**, 42nd Legislative District, State Senator; **Daniel J. Evans**, former Washington State Governor and US Senator; **David Johnson**, Washington State Building and Construction Trades Council.

Contact: No information submitted

Argument Against

Senate Joint Resolution 8225

Accounting gimmick would increase state taxpayer debt

The state's constitutional debt limit protects the integrity of our economy by preventing the state from borrowing more than it can reasonably pay back. Any changes to this could challenge the integrity of our state's economy.

The Washington State Constitution limits the general obligation debt by restricting the treasurer's authority to issue bonds exceeding 9 percent of the average general state revenue for the preceding three years. The treasurer issues debt limit bonds to finance capital projects and sells bonds twice a year to cover expected payments on construction projects.

SJR 8225 would amend our constitution to allow the interest calculation on debt used to determine the debt limit, by subtracting federal subsidies.

If approved, SJR 8225 would allow the treasurer to take on more debt. The state of Washington is in the midst of a budget crisis. Now is not the time to run the risk of over-extending the state's credit. Adding too much debt could have a devastating effect on the rest of Washington's investments and place enormous financial burdens on taxpayers and their children.

During the 2010 session the Legislature struggled to adopt an operating and capital budget because spending was outpacing revenues by billions of dollars. In the end, taxes were raised and a second measure was adopted that asks voters to approve additional borrowing beyond the state debt limit.

Now is the time for fiscal responsibility, not more debt through accounting gimmicks. Vote no on SJR 8225.

Rebuttal of Argument For

Do not be deceived. Savings are not created by increasing our borrowing capacity. *Build America Bonds* is a temporary federal program to subsidize temporary government jobs – burdening taxpayers with more long-term debt and giving more federal (IRS) control over state spending. The real winners? Wall Street – they've already made millions. Investors (of which many are foreign) have been flipping these bonds like houses. Sound familiar? Change our addiction to spending, not our Constitution. Vote no!

Argument Prepared by

Mike Hope, State Representative, 44th District; **Jim McCune**, State Representative, 2nd Legislative District.

Contact: No information submitted

Engrossed Substitute House Joint Resolution

4220

Proposed to the People by the Legislature
Amendment to the State Constitution:

The legislature has proposed a constitutional amendment on denying bail for persons charged with certain criminal offenses.

This amendment would authorize courts to deny bail for offenses punishable by the possibility of life in prison, on clear and convincing evidence of a propensity for violence that would likely endanger persons.

Should this constitutional amendment be:
[ ] Approved
[ ] Rejected

Votes cast by the 2010 Legislature on final passage:
Senate: Yeas, 48; Nays, 0; Absent, 0; Excused, 1
House: Yeas, 92; Nays, 4; Absent, 0; Excused, 2

The Official Ballot Title and the Explanatory Statement were written by the Attorney General as required by law. The Secretary of State is not responsible for the content of arguments or statements (WAC 434-381-180). The complete text of Engrossed Substitute House Joint Resolution 4220 begins on page 130.

Explanatory Statement

Written by the Office of the Attorney General

The Constitutional Provision as it Presently Exists

With the exception of one class of cases, the constitution currently provides that all persons charged with crimes are entitled to be released pending trial upon posting bail by sufficient sureties. A "surety" is an individual or institution that agrees to guarantee that bail will be paid on behalf of a charged person if bail is forfeited. "Bail" is money or property pledged by a person charged with a criminal offense. When the charged person posts sufficient bail, he or she is released from custody pending a trial.

The constitutional provision has been implemented by court rules. Under those rules, a court may require bail to support a promise that the person charged will appear for trial. A court also may require bail to assure that the charged person complies with release conditions imposed by the court. The court may impose release conditions where there is a substantial danger that the charged person will commit a violent crime, or seek to intimidate witnesses, or otherwise unlawfully interfere with the administration of justice unless the court imposes conditions on the accused person's release. If the charged person does not appear for trial, or violates release conditions secured by bail, bail may be forfeited. The trial court sets the amount of bail in a given case.

The class of cases in which bail currently may be denied under the constitution as it presently exists is capital offenses "when the proof is evident or the presumption is great." A "capital offense" is an offense for which the death penalty may be imposed if the person charged is convicted. Under court rules, a person charged with a capital offense shall not be released on bail unless the court finds that release conditions will reasonably assure that the accused will appear for trial, will not significantly interfere with the administration of justice, and will not pose a substantial danger to others. In capital cases, if a risk of flight, interference, or danger is believed to exist, the court may detain the charged person for trial, without bail.

The Effect of the Proposed Amendment, if Approved

The proposed constitutional amendment would authorize courts to deny bail in an additional class of cases: offenses punishable by the possibility of life in prison where there is a showing by clear and convincing evidence of a propensity for violence that creates a substantial likelihood of danger to the community or any persons. The legislature would have authority to set limitations on the denial of bail in these cases.

Fiscal Impact Statement

Not required by law

Argument For

Engrossed Substitute House Joint Resolution 4220

HJR 4220 Protects the Public and Washington's Civil Liberties
Currently our Constitution permits a judge to deny bail only if a suspect is charged with aggravated murder. This proposal broadens the criteria for denying bail to persons charged with crimes potentially punishable by life in prison, when the suspect is truly dangerous. The amendment does not take away civil liberties, such as the right to bail, speedy trial or the presumption of innocence. Voting *yes* gives judges the flexibility to keep the most dangerous offenders behind bars while awaiting trial.

This Proposal Addresses Actual Needs
Sadly, Washington has had a number of high profile criminal tragedies in recent years. Judges currently must set bail based only upon flight risk. Some violent crimes might have been avoided if the judge could have denied bail based on the offender's dangerousness. The Washington Legislature passed this proposed change almost unanimously in the House and Senate, to give judges this ability to protect the public. Voting *yes* on this amendment will help prevent future tragedies.

This Proposal Balances Public Safety and Individual Rights
Our Constitution balances the right of the public to safety, and the right of accused persons to a fair process. This proposal continues to allow most offenders to post bail, but takes that right away when there is a propensity for violence and a likelihood of danger to the community or any person. Voting *yes* protects us from the most violent criminals.

Rebuttal of Argument Against

This measure does not alter presumption of innocence.

The opposition wrongly suggests this proposal diminishes the presumption of innocence. That is incorrect. Presumption of innocence remains the hallmark of our justice system. Defendants may be denied bail pending trial only if they are facing life in prison and a judge determines that they pose a clear danger of violence to the community.

This measured proposal is a tool to protect our citizens. Vote *yes*.

Argument Prepared by

Christopher Hurst, State Representative and 25-year veteran police officer; **Mike Hope**, State Representative and Seattle police officer; **Adam Kline**, State Senator; **John Lovick**, Snohomish County Sheriff; **Mark Lindquist**, Pierce County Prosecutor; **Kim Renninger**, Wife of Lakewood Sgt. Mark Renninger.

Contact: www.rememberlakewood.com

Argument Against

Engrossed Substitute House Joint Resolution 4220

Preserve Public Safety and Our Constitution – Reject HJR 4220
Our constitution has served our state well for 120 years, and we should not alter it without careful consideration. But HJR 4220 is hasty and ill-considered, unfairly allowing for the detention of individuals who may be innocent. We should not rush to change a fundamental constitutional protection – the right to be presumed innocent – in response to a single tragedy.

The Amendment Undermines the Presumption of Innocence and Doesn't Make Us Safer
Individuals charged with but not convicted of crimes usually have a chance to post bail before trial. This is an important protection – mistakes happen in our system, and those charged with crimes are often found innocent or convicted of much lesser crimes. Our current system already requires judges to consider public safety, criminal activity, and flight risk in setting conditions, and we should improve our system to ensure judges receive the most complete information to prevent future tragedies. But this amendment goes too far, giving judges the power to detain more innocent people without bail – and costing precious dollars we desperately need to target real public safety threats.

Preventive Detention is Out of Line with Washington's Values
This amendment erodes our precious freedoms. Locking innocent people up without bail and without proof of their guilt is out of line with Washington's values and doesn't make us safer.

Please vote no on HJR 4220.

Rebuttal of Argument For

Judges can already set high bail and other conditions to protect the public from potentially violent individuals. The existing rule was carefully developed to protect public safety while preserving the presumption of innocence. Changing it won't make us safer, but will harm thousands who may well be innocent – and who needn't be jailed to protect the public. Judges need more and better information about accused persons, not an amendment that harms civil liberties. Vote *no*.

Argument Prepared by

Robert C Boruchowitz, Professor of Law; **Neil M. Fox**, Attorney; **Colleen Kinerk**, Attorney and Mediator.

Contact: No information submitted

Do you know what they do?

Following are qualifications and responsibilities for offices appearing on your ballot.

Federal offices

United States Senator

The position of senator was established in the U.S. Constitution. A senator must be at least 30 years of age, have been a citizen of the United States for nine years, and, when elected, be a resident of the State from which he or she is chosen. The Senate is made up of 100 members, two for each state, and each senator's term is six years. The Senate has several exclusive powers, including consenting to treaties, confirming federal appointments made by the president, and trying federal officials impeached by the House. The Senate and House have equal responsibility for declaring war, maintaining the armed forces, assessing taxes, borrowing money, minting currency, regulating commerce, and making all laws necessary for the operation of the government.

United States Representative

The position of representative was established in the U.S. Constitution. A representative must be at least 25 years of age, have been a citizen of the United States for seven years, and, when elected, be a resident of the state from which he or she is chosen. The House of Representatives is made up of 435 members, each state is allocated a different number of members based on population, and each representative's term is two years; the total membership of the House is elected in even-numbered years. The Senate and House have equal responsibility for declaring war, maintaining the armed forces, assessing taxes, borrowing money, minting currency, regulating commerce, and making all laws necessary for the operation of the government.

Legislative offices

State Senator

The State Constitution requires a senator to be a citizen of the United States and a qualified voter in the legislative district he or she represents. A senator's term is four years. The Senate is made up of 49 members, one from each legislative district in the state. One-half of the membership of the Senate is elected in each even-numbered year. The Senate's only exclusive duty is to confirm appointments made by the governor. During legislative sessions, the Legislature is called upon to enact or reject legislation affecting public policy in the state, provide for the levy and collection of taxes and other revenue to support state government and assist local government, and appropriate funds for these purposes.

State Representative

The State Constitution requires a representative to be a citizen of the United States and a qualified voter in the legislative district he or she represents. A representative's term is two years. The House is made up of 98 members, two from each legislative district in the state. The total membership of the House is elected each even-numbered year. During legislative sessions, the Legislature is called upon to enact or reject legislation affecting public policy in the state, provide for the levy and collection of taxes and other revenue to support state government and assist local government, and appropriate funds for these purposes.

State courts

Judges in Washington are selected in nonpartisan elections. Unlike the federal government and most other states, judicial candidates in Washington are not appointed, and unlike most other state candidates, do not identify a political party preference. Judicial candidates are prohibited from making misleading or untruthful comments, or statements that appear to commit them on legal issues likely to come before them in court.

Judicial candidate statements are governed by Cannon 7 of Washington's Code of Judicial Conduct. For more information about Cannon 7 or other judicial conduct codes, go to **www.courts.wa.gov**.

Supreme Court Justice

Nine justices sit on the state Supreme Court, each serving six-year terms. Three justices come up for election every two years and are voted on statewide. The Supreme Court hears appeals and decides on cases from the Court of Appeals and other lower courts.

Court of Appeals Judge

Courts of Appeals hear and decide on most of the appeals that come up from the superior courts. A total of 22 judges serve the court in three, multi-county divisions headquartered in Seattle, Tacoma and Spokane. Candidates run in one of three districts within each division. Only voters registered within their districts can vote for them. Judges serve six-year terms.

Superior Court Judge

Superior Courts hear felony criminal cases, civil matters, divorces, juvenile cases, and appeals from lower-level courts. They are organized by county into 31 judicial districts. Candidates run in the county or counties within their district, and only voters within that district can cast ballots for them. Judges serve four-year terms.

! Candidate statements are printed exactly as submitted. The Office of the Secretary of State does not make corrections of any kind or verify statements for truth or fact.

Patty Murray

(Prefers Democratic Party)

Elected Experience: Shoreline School Board, State Senator, United States Senator

Other Professional Experience: Shoreline Community College Cooperative Preschool Teacher

Education: Graduate, Washington State University

Community Service: No information submitted

Statement: As your U.S. Senator, I've always put Washington state's families first and fought for you.

Fighting for you means saving and creating private sector jobs to get our economy moving. I've supported critical transportation projects across our state and invested in private industry, our ports, military bases and Hanford cleanup to create thousands of jobs. I'm working to continue Washington's leadership in clean energy and create new jobs across our region. And I'm fighting to bring the military's next tanker contract home to Washington's aerospace workers.

Fighting for you means helping veterans. As the daughter of a WWII veteran and member of the Senate Veterans' Affairs Committee, I'm fighting to give veterans and their families the support and respect they deserve. That means mental health care, job opportunities, and ending homelessness.

Fighting for you means putting families ahead of Wall Street and special interests. I have a grandson and I'm worried about our debt. That's why I support wise investments to grow our economy and put small businesses ahead of wealthy Wall Street CEOs. I voted to end taxpayer bailouts and put money back in your pockets through middle class tax cuts. I'll continue to protect Medicare and Social Security for seniors. And I'll ensure BP - not taxpayers - pays for the tragedy in the Gulf.

Fighting for you means investing in education. As a former preschool teacher, I've always worked to make our schools the best they can be: by lowering class sizes, supporting early education, ending gang violence, helping families pay for college and giving our workers critical training services.

I am honored to be your voice as Washington's U.S. Senator. I'll never stop fighting against the powerful on behalf of you and your families. *I ask for your vote to continue to put Washington state first.*

For More Information: (206) 286-9199; Patty@pattymurray.com; www.pattymurray.com

Dino Rossi

(Prefers Republican Party)

Elected Experience: State Senator representing Washington's 5th district in East King County from 1996 to 2003.

Other Professional Experience: As Chair of the Senate Ways & Means Committee, Dino built a bipartisan coalition to balance the largest budget deficit in state history without raising taxes while still protecting the disadvantaged. Rossi has a history of working across party lines to make a difference for Washington families. He was the Republican nominee for Governor in 2004 and 2008.

Education: B.A. in Business Management from Seattle University.

Community Service: Board for the Special Olympics for Washington. Deans Advisory Board for School of Business at Seattle University.

Statement: Our country is in trouble. Congress has mortgaged America's future by passing trillion dollar budget deficits, wasteful stimulus packages, and Wall Street bailouts.

Instead of acting to help our economy and create jobs, Congress has amassed massive debt our children and grandchildren will have to pay. Instead of encouraging job growth, the government has taken over everything from banks to car companies to the student loan program. Instead of helping families by making health care affordable, Congress' bill will increase premiums and taxes while slashing Medicare. Their approach has failed. Washington's unemployment rate is dangerously close to 10%, our national debt has soared past $13 trillion, and taxes on working families keep rising. Our economy is headed for a breaking point, with no end in sight.

But we can't change direction until we change the political leadership that seems more interested in their political ambitions than in getting things done.

My plan is simple: Cut the massive growth in federal spending that has created these huge deficits and will double our national debt in five years. Pass a Balanced Budget Amendment, because neither Republicans nor Democrats in Washington, DC have any discipline when spending your money. Fix the tax code to reward work, saving, and the investments that create jobs while closing special interest loopholes that favor the politically connected.

Replace the health care bill and reform health care by taking power away from big government and insurance companies and giving it back to patients and their doctors.

Finally, I know America's best days are ahead of us, if only we unleash the energy and talent of the American people and get government back to its proper, more limited role. That will be my mission as your Senator. I ask for your vote on Election Day.

For More Information: (425) 451-2010; info@dinorossi.com; www.DinoRossi.com

Denny Heck

(Prefers Democratic Party)

Elected Experience: State Representative - 17th District from Clark County, elected to five terms

Other Professional Experience: Co-Founder, Intrepid Learning Solutions; Co-Founder, Digital Efficiency; Co-Founder and President, TVW – Washington State's version of C-SPAN; Chief of Staff, Governor Booth Gardner (1989-1992)

Education: B.A. - The Evergreen State College

Community Service: Denny and wife Paula helped create the Olympia School District Foundation's Principals Emergency Checkbook Fund, providing low income children with basic supplies to be successful in school. Denny is a Trustee for The Evergreen State College, served on the Board of the Washington State Historical Society, and served on the Washington Learns Commission.

Statement: I've spent the last decade working in the real world and am the only candidate for Congress who has grown multiple small businesses and created jobs. *Restoring our economy and creating jobs will be my top priority in Congress.*

To get our economy back on track, we need fundamental change. I'll fight to end tax breaks for big corporations that ship jobs overseas. If Wall Street banks are healthy enough to pay outrageous executive bonuses, then they are healthy enough to pay back every cent they got from the taxpayers. I will fight for strong Wall Street reform that holds the banks accountable and makes sure that if a bank fails, the CEO's don't get a bonus and a bailout.

Instead of bailing out big banks, I'll invest in small businesses that create jobs. My economic plan includes tax credits for small businesses that create jobs and better access to loans so small businesses can grow. Having started a company that provides worker training, I know that we need to train workers for jobs of the 21st Century.

I have a plan to provide incentives for businesses and people that invest in clean alternative energy to create jobs and make Southwest Washington a leader in using wind and renewable resources to produce energy. We can make our region a leader in renewable resources and get people back to work.

I grew up in Vancouver and raised my two sons, Bob and Trey, in Olympia with my wife of 34 years, Paula. Our communities are strong and people resilient - I know with the right focus, we can get our local economy moving again. *No one will work harder to fix our economy* and I would be honored to earn your vote as your new Representative in the United States Congress.

For More Information: (360) 878-9144; denny@dennyheckforcongress.com; www.dennyheckforcongress.com

Jaime Herrera

(Prefers Republican Party)

Elected Experience: Washington State Representative, 18th Legislative District, 2007 -- present

Other Professional Experience: Served as a Senior Legislative Aide to U.S. Congresswoman Cathy McMorris Rodgers. Lead Advisor on health care policy, education, veterans' and women's issues. Worked my way through college, instilling the value of hard work and the knowledge of what businesses need to grow and thrive.

Education: B.A., University of Washington, Communications

Community Service: Extensive volunteer service at Ground Zero in New York City following 9/11, Starbucks' children's literacy program, elderly care facilities, juvenile detention centers, high school clean-ups, park restoration and after-school programs.

Statement: Washington DC is broken and its priorities are wrong. Overspending is hurting jobs and our economy today, and threatens America's future. I'm not a typical candidate. I'm part of a new generation of leadership with a new direction. I grew up here in Southwest Washington. As a State Representative I voted to cut spending, lower taxes and balance government budgets. I will do the same in Congress because that's how we'll restore permanent jobs to this region.

Other candidates talk about "jobs," but their policies are for more government-first programs and crippling debt, and their only solution is job-killing higher taxes. Today's politicians believe spending will solve this economic crisis, not realizing that spending itself is causing the crisis. I will put far more value on saving your money than spending your money. I support a Constitutional Balanced Budget Amendment to curb federal spending and ease the financial burden that families and small businesses must pay.

My goal is to create an atmosphere where entrepreneurs and small businesses can succeed, with no bailouts for those the politicians say are "too big to fail."

I've promoted health care solutions that actually increase access and lower costs, and I've fought for small businesses and families in my district. My first bill as a state legislator was giving tax relief to small business owners serving in the military.

Our federal government has a responsibility to the men and women serving in our armed forces to supply them and support them, both while they defend our freedoms and upon their safe return to us. I'll ensure Congress lives up to this responsibility.

I'm Jaime Herrera, it's time to take our country back from the crippling policies that hurt Southwest Washington, and I ask for your vote to represent you in Congress.

For More Information: (360) 887-3546; info@jaimeherrera.com; www.jaimeherrera.com

Dennis Kampe

(Prefers Democratic Party)

Elected Experience: No information submitted

Other Professional Experience: For the past 19 years I have served as the Director of the Clark County Skills Center, a regional technical high school serving 10 SW Washington school districts. I have also worked as a journeyman machinist, and I taught machine technology at Clark College and Prairie High School.

Education: I graduated from Ridgefield High School and Clark College with an Associate's degree in Machine Technology. I also served an apprenticeship with the International Association of Machinists and Aerospace Workers.

Community Service: I have served on numerous boards, including Leadership Clark County and the Washington Association of Career and Technical Education

Statement: Eighteenth district citizens are concerned about jobs, a balanced budget, educating our youth, limiting taxes and preserving the middle class, and those are exactly what I stand for. We must develop our future economy by providing educational opportunities for a highly educated and technically skilled workforce. My 31 years in education and workforce training, coupled with my fiscal conservatism, gives me the knowledge and expertise to accomplish these goals. I know the 18th district; I have lived here my entire life. I share your values, and I would be honored to represent you in Olympia. I ask for your vote.

For More Information: (360) 635-1920; denniskampe@live.com; www.ElectKampe.com

Ann Rivers

(Prefers Republican Party)

Elected Experience: none

Other Professional Experience: Ann Rivers is a business owner in La Center and previous teacher.

Education: Ann Rivers has graduated with a Bachelor of Science in Political Science and History, and later obtained a Secondary Education teaching certificate and Natural Science Minor.

Community Service: Ann Rivers is a member of the Greater Clark County Rotary, on numerous boards, former board member of the Building Industry Association, former board member of Habitat for Humanity, vice-president of La Center scholarship foundation and Survivor Chairwoman for West Clark Relay for Life.

Statement: I'm Ann Rivers and I've been working for you!

I'm fighting for an open, transparent government. A government that listens to you, that keeps spending under control and understands how much it hurts the economy to raise taxes in a recession. Everyone's quality of life starts with a job, and the focus of the legislature must be to get us back to work. Our laws must be Constitutional and sensible, and our families must come before government. That's what I will bring to Olympia. I'm Ann Rivers and with your vote, together we will make a difference!

For More Information: (360) 771-8133; info@electannrivers.com; www.electannrivers.com

Ed Orcutt

(Prefers Republican Party)

Elected Experience: Serving his fifth two-year term in the House of Representatives, Ed serves on the Community Economic Development and Trade, Finance, Environmental Health, and Ecology and Parks committees.

Other Professional Experience: Consulting forester/owner: Cascade Forest Management.

Education: B.S. degree in Forest Management, University of Idaho.

Community Service: An active volunteer even before he was elected to the House, Ed is a past president of the Lions Club, past chairman of the Highland Festival, a board member of the Columbia Theatre, and has served as a youth bowling coach.

Statement: State Representative Ed Orcutt has earned a reputation in Olympia as an effective, independent leader who works hard to make things happen for the families in Southwest Washington. Ed is a leader in protecting and enhancing our area's natural resources and natural resource-based jobs and the quality of life we all enjoy.

Ed Orcutt's priorities include creating new family-wage jobs, making government agencies more responsive to the citizens they serve, and making government live within its means. That means funding education and vital services using *existing revenues. Let's keep Ed Orcutt working for us as our state representative.*

For More Information: (360) 751-2317

Unopposed

Dean Takko

(Prefers Democratic Party)

Elected Experience: State Representative; Cowlitz County Assessor; Beacon Hill Sewer Dist Commissoner;

Other Professional Experience: No information submitted

Education: BS Western Washington University

Community Service: Volunteer fireman; Lions Club; Board of Directors Cowlitz County Guidance Association; Cowlitz Substance Abuse Coalition

Statement: As a lifelong resident of the 19th district, I have a deep respect for the values that are important to the people of the area. I have worked hard in the past 3 terms to ensure that our natural resources are protected for our enjoyment and for the jobs they sustain. My goal is to find the balance between the extremes of issues where the right answers usually lie. Along with developing policies to create jobs, a priority of mine is insuring that our 4 PUD's can continue to deliver some of the lowest electric rates in the nation.

For More Information: (360) 423-4589; dtakko@comcast.net

Kurt Swanson

(Prefers Republican Party)

Elected Experience: I am a first-time candidate. I have never run for or held public office before.

Other Professional Experience: I worked in the computer hardware for 12 years, telemarketing 3 ½ years, truck driving and currently food processing.

Education: I attended high school in Fridley, MN and I am a graduate of Northwestern Electronics Institute with a 2-year Associate of Electronics Technology degree.

Community Service: I have been on 2 short-term missions trips through my church, going to Mexico for 2 months in 1985 and France for 3 weeks in 1990.

Statement: I would describe myself as a God-fearing, patriotic, hard-working conservative average Joe, who lives from paycheck-to-paycheck, struggling to pay bills.

I have always had a strong desire to make a significant, positive difference in the world and carefully consider the best way to take action. I saw an opportunity to make a difference and that is why I'm running. I will do my best to lower taxes, reduce out-of-control spending and fight for sensible government.

For More Information: (360) 442-6108; electswanson@gmail.com

Brian E. Blake

(Prefers Democratic Party)

Elected Experience: Elected 2003, 2004,2006 and 2008 to the House of Representatives

Other Professional Experience: I've worked as a logger and Forester, Environmental Specialist, State Representative for 8 legislative sessions; Chair of the House Agriculture and Natural Resources Committee.

Education: Bachelor of Science- Evergreen State College; Associate of Science- Grays Harbor CC

Community Service: Board Member Lower Columbia Community Action Program and Board Member at Coastal Harvest food bank distribution center, Raymond Elks and member of Eyes In The Woods.

Statement: As a former logger who was injured in the woods and returned to college to learn new skills, Representative Blake understands the need for jobs, education and a strong natural resources policy. He is Chair of the Agriculture and Natural Resources Committee where he has taken the lead on conserving and increasing access to our natural resources. He also serves on the General Government Appropriations Committee as well as the Capital Budget Committee where he has been instrumental in bringing jobs and infrastructure to the 19th District. Send his experience and knowledge back to Olympia to serve the 19th District.

For More Information: (360) 589-0123; repbrianblake@msn.com

Tim Sutinen

(Prefers Lower Taxes Party)

Elected Experience: I'm proud to say that I'm not affiliated or associated with any part of our currently failing state government or our elected politicians. I bear none of the obvious responsibility or guilt they have for the mountain of taxes, debts, fees and regulations they have recklessly placed upon us.

Other Professional Experience: I'm the owner of a computer company which serves hundreds of local business. I have created many jobs and participated in the success of multiple businesses.

Education: Microsoft Certified Systems Administrator. Enrolled in the School of hard knocks.

Community Service: 10 years on ADC Pathways to Employment board, twice as President.

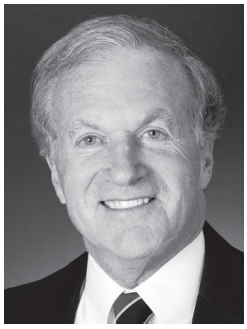
Statement: I won't be joining any Party in Olympia. Why? *It's not a time for parties. It's a time for action!* While we struggle to make ends meet, our politicians have given us $800 million in new taxes, and unemployment is almost 15%! We voted twice to keep vehicle tabs at $30 - So why are my truck tabs almost $100?

Instead of action, we get more committees, more taxes, more Party talk. Stop the Party nonsense. Become a proud member of "*Team Party Pooper*" by voting to send me to Olympia.

For More Information: (360) 270-9259; tim@sutinen.com; www.TimSutinen.com

Jim Johnson

(Nonpartisan)



Legal/Judicial Experience: Justice Jim Johnson has served on our state Supreme Court for six years, authoring over 140 opinions, including landmark defenses of free speech, property rights, victims' rights and open government. Previously, Jim served as a *Senior Assistant Attorney General* and argued some of our state's most important cases, including the U.S. Supreme Court case that won us the 9th Congressional District. As Washington's *Counsel for the Environment* he negotiated agreements that preserved thousands of acres for wildlife habitat and recreation.

Other Professional Experience: No information submitted

Education: Jim attended Seattle's Ingraham High School, graduated from Harvard and earned his law degree from the University of Washington.

Community Service: No information submitted

Statement: *Keep freedom's friend on the court, reelect Justice Jim Johnson.* Six years ago Justice Johnson made a simple promise to the people of Washington: he would uphold the law and constitution as written and *never legislate from the bench*. Jim has kept that promise and today he deserves our vote to remain on our state's highest court.

The better qualified candidate. Justice Jim Johnson is the only candidate with judicial experience and the only candidate with meaningful appellate experience. Prior to joining the court, Jim was one of our state's most accomplished attorneys - arguing before the U.S. Supreme Court, the state Supreme Court and other state and federal appellate courts. Justice Johnson has consistently been the court's most reliable voice for *law and order*, which has earned him the support of law enforcement.

Bi-partisan endorsements: former Chief Justice Gerry Alexander, Justice Tom Chambers, Justice Charles Johnson, Justice Susan Owens, Attorney General Rob McKenna, State Auditor Brian Sonntag and Senator Slade Gorton.

Jim and his wife Kathy live in Olympia, they have two grown daughters. Jim volunteered for the U.S. Army and served at Fort Lewis during the Vietnam War. He enjoys hunting, sailing, diving and the opera.

For More Information: (360) 539-2012; info@jimjohnsonforjustice.org; www.JimJohnsonforJustice.org

Unopposed

Barbara Madsen

(Nonpartisan)

Legal/Judicial Experience: No information submitted

Other Professional Experience: No information submitted

Education: No information submitted

Community Service: No information submitted

Statement: For 18 years Justice Madsen has served on the Supreme Court and was unanimously elected Chief Justice in 2010. She graduated from the University of Washington and Gonzaga Law School and has practiced law in Washington for 33 years, beginning as a public defender and then Special Prosecutor for child abuse and family violence. In 1988 Justice Madsen was appointed to Seattle Municipal Court and elected Presiding Judge. She has been active in the community, including co-chairing the Crystal Brame task force to require police to adopt policies for investigating officer involved domestic violence, volunteering with Tacoma schools and the Tacoma Rescue Mission. Justice Madsen is a member of the Robert J. Bryan Inn of Court, the Initiative for Diversity, Washington Women Lawyers, and chairs the state Gender and Justice Commission. Madsen and her husband of 30 years and have four children.

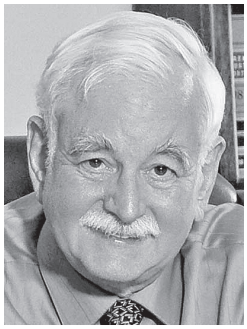
As Chief Justice, Madsen is responsible for overseeing the judicial branch of government, which resolves disputes involving citizens, businesses, and governments. She believes the courts must use evidence based practices, and she is committed to enhancing fairness and access to the courts through use of technology, judicial education, and partnerships with community groups working on justice issues.

For More Information: (360) 905-3272; barbaramadsen2010@hotmail.com; www.chiefjusticemadsen.org

Unopposed

Richard B. Sanders

(Nonpartisan)



Legal/Judicial Experience: First elected to Supreme Court in 1995; and reelected in 1998 and 2004. During my time on the Court, I have written more opinions than any other Justice. Before that, I practiced law for 26 years. I have also served as an adjunct professor teaching appellate advocacy at the UW School of Law, and guest lectured on state constitutional law at Seattle University.

Other Professional Experience: I am an Eagle Scout and once played the French horn in the Rose Bowl.

Education: B.S. and J.D., University of Washington

Community Service: I frequently lecture and have written many legal articles and opinion pieces explaining our constitutional rights.

Statement: A Supreme Court Justice must uphold the highest ethical standards, working to assure that government is open and the rights of citizens are protected. It has been my honor to serve on our state's highest court since 1995 and to follow these standards.

Article 1, Section 1 of our Constitution states: "governments...are established to protect and maintain individual rights." I believe that's the job description of a Justice also: we must look out for the individual citizen and protect our Constitutional rights. Sometimes this makes me seem conservative, as when I support property rights, and sometimes it makes me seem liberal, as when I call on the federal government to end the unconstitutional treatment of prisoners. But I am consistent: we have rights the government must not violate. Thomas Jefferson said the God who gave us life gave us liberty at the same time. It's a good thought to remember.

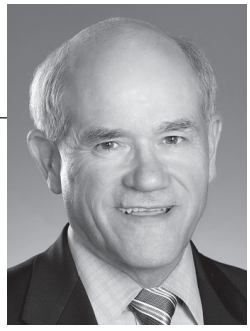
Justice Sanders attracts support that cuts across the spectrum, with endorsements including: Democratic and Republican Senators; the State Republican and Libertarian Parties; judges and civil libertarians; the Association of Washington Business and union members -- more than 1,000 endorsers.

Vote to reelect Justice Richard Sanders.

For More Information: (206) 337-2329; justicesanders@gmail.com; www.friendsofjustice.com

Charlie Wiggins

(Nonpartisan)



Legal/Judicial Experience: Former Court of Appeals judge; pro tem superior court judge in King County and Jefferson County; 33 years experience representing diverse clients in every type of case in all appellate courts in Washington;

Other Professional Experience: Past chair of Disciplinary Board and Court Rules Committee; past president of Washington Chapter of American Judicature Society

Education: BA Phi Beta Kappa, Princeton University, 1969; MBA, University of Hawaii, 1972; JD, Duke Law School, 1976

Community Service: Army veteran, Rolling Bay Presbyterian Church Board of Elders and youth leader for 7 trips building homes, organized Kitsap County lawyers and built two Habitat for Humanity homes for single mothers.

Statement: Join 60 judges, 30 elected prosecutors-Republicans and Democrats-Sheriffs and police statewide, State Labor Council, Washington Conservation Voters, women's groups, LGBT leaders and others supporting Charlie Wiggins: a respected Kitsap County attorney, former Appeals Court Judge, Army veteran and champion of judicial ethics.

Charlie has worked to protect our courts from ideological special interests by limiting campaign contributions, supporting public financing of judicial elections and judicial ethics rules. The incumbent opposes these reforms. The incumbent was admonished by the Judicial Conduct Commission for interviewing sexually violent predators who had cases before him. Compare candidates at www.votingforjudges.org.

Rated "Exceptionally Well Qualified" by King County, Tacoma-Pierce County, Loren Miller, and Latina Bar Associations, Charlie's achievements include: 2010 Kitsap Bar Humanitarian Award; 2008 WSBA Young Lawyers Professionalism Award; UGM Legal Clinic Volunteer of the Year; Law & Politics Super Lawyer; Best Lawyers in America.

Charlie is father of two, Habitat for Humanity volunteer and active in his church and community. Charlie will bring the perspectives of people from all walks of life to the Court. Charlie has the integrity and impartiality we need on our Supreme Court.

For More Information: (425) 572-0854; info@charliewigginsforjustice.com; www.charliewigginsforjustice.com

Jill M. Johanson

(Nonpartisan)

Legal/Judicial Experience: For eight years I have diligently served as Superior Court Judge. I am Presiding Judge with administrative duties, and past Presiding Juvenile Judge. I was a prosecutor for eleven of my fifteen years as an attorney.

Other Professional Experience: National and State Judicial Colleges, National Bureau of Justice Family Treatment Training, Washington Association of Drug Courts President, Vice President, and current Treasurer.

Education: W.S.U. (BA,1981); Willamette(JD, 1985) American Jurisprudence Award in Evidence.

Community Service: Reasonable Efforts Symposium Chair, local National Adoption Day Chair, Presenter for Lower Columbia Leadership Academy and Court Appointed Special Advocates(CASA), Mock Trial and Ethnic Support Council volunteer.

Statement: I am committed to maintaining the integrity of the judiciary, to improving access to the courts and to implementing case management and other court administration "best practices". Over eight years as Superior Court Judge I demonstrated my dedication to fairness and justice, and a commitment to our community's families.

I worked for increased legal representation for parents and children, improved courthouse security and greater access to treatment and other services. I earned an "Excellence in Service Award" for my work with Drug Courts, and a Cowlitz County Chapter, American Association of University Women's Award "Celebrating Women: Leadership , Service and Inspiration".

I am a member of the Superior Court Judges Association (SCJA) and National Association of Women Judges. I serve as the SCJA representative to the Washington Interstate Compact for Juveniles.

I am endorsed by Supreme Court, Court of Appeals and Trial Judges from each county in the judicial district. Please go to "www.judgejohanson.com" for details. I will continue to use my high energy, organizational skills, and common sense to serve all our citizens. I pledge to uphold the dignity of the office, and to treat everyone with respect and fairness regardless of race, religion or gender.

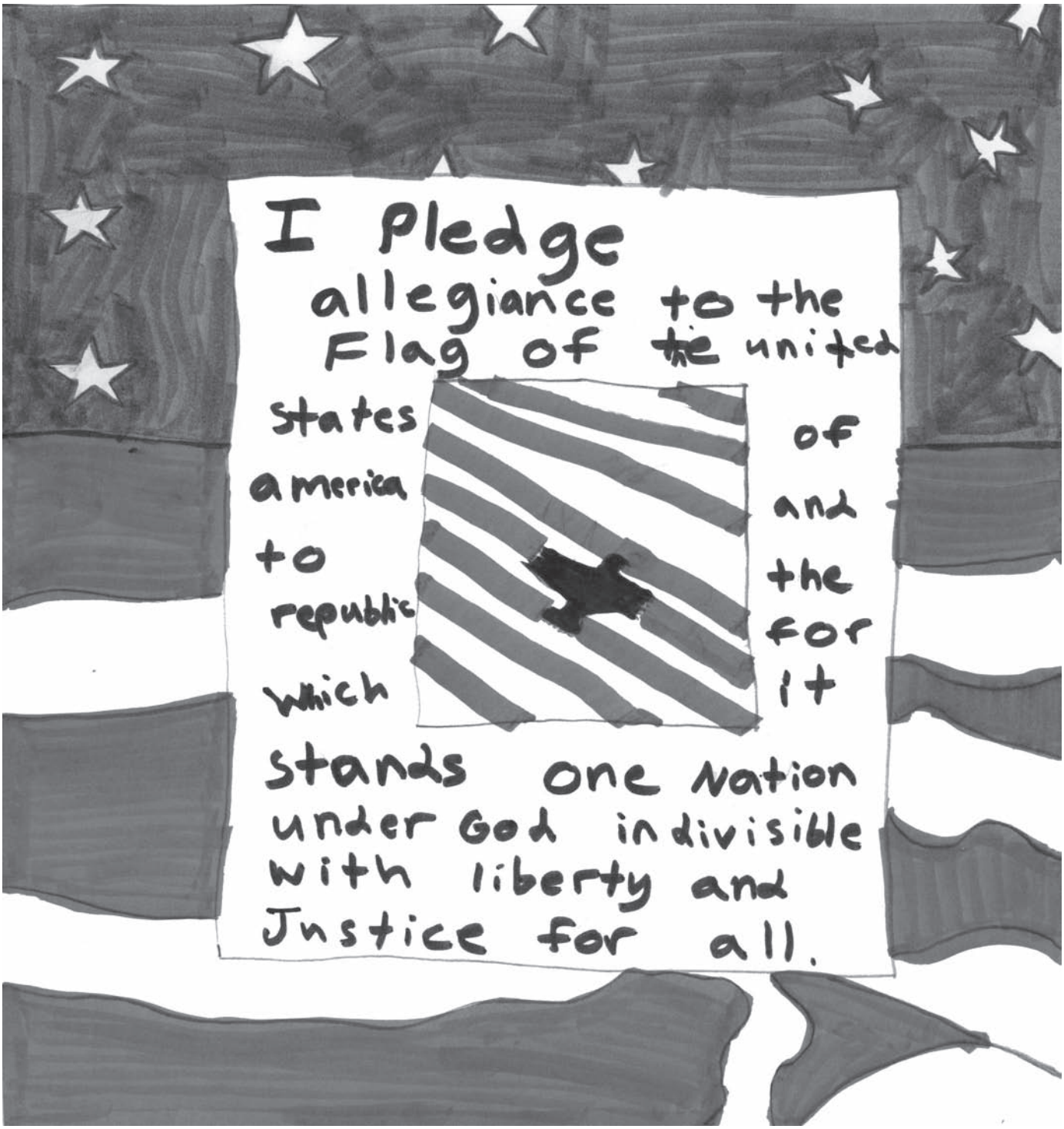
For More Information: (360) 430-9422; contact@JudgeJohanson.com; www.JudgeJohanson.com

Unopposed

Cowlitz County

Official Local Voters' Pamphlet

November 2, 2010 General Election



Published by: Cowlitz County Auditor, KRISTINA K. SWANSON

Preamble to Local Voters' Pamphlet

Dear Voters of Cowlitz County:

I am excited to bring you the Local Voters' Pamphlet for the 2010 General Election. Your participation in this election is very important as voters throughout this county will be selecting a County Commissioner, Assessor, Auditor, Clerk, Coroner, Prosecuting Attorney, Sheriff, Treasurer, along with Federal, State, and Judicial representatives. This pamphlet is your guide to the election and a great tool to assist you in making informed decisions regarding candidates and measures.

Ballots will be mailed to all registered voters on Friday, October 15. Ballots are mailed to the address on your voter registration record so, if you have moved or changed your name, it is very important to update your information with the Elections Department to ensure your ballot reaches you in a timely manner.

The Elections Department is offering a new online tool to provide voters with current voter registration and ballot information. On our "Ballot Lookup Page" you can view the date your ballot was mailed, and the address it was mailed to, and the date your ballot was returned. We have also provided a comment area where you can submit questions directly to Elections Department Staff about your ballot and voter registration information and request to make changes, if necessary.

I encourage you to utilize this pamphlet in order to make informed decisions. Remember, your voted ballot must be signed and postmarked by Election Day or deposited into a ballot drop box by 8:00 pm on November 2, 2010.

Kristina K. Swanson
Cowlitz County Auditor

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Participating Jurisdictions: Cowlitz County and Cowlitz County Public Utility District

Congratulations to Trevor Torppa of Kelso whose winning artwork is displayed on the cover of this pamphlet.

Obtaining an Official or Replacement Ballot

Cowlitz County is entirely vote by mail. Official Ballots will be available in the Elections Department beginning October 13, 2010. Official Ballots will be mailed Friday, October 15, 2010.

Replacement ballots. Contact the Elections Department if your ballot is damaged or lost. A replacement ballot may be mailed or picked up in person through Election Day, Tuesday, November 2, 2010. Please allow one week for delivery delays prior to requesting a replacement ballot.

Keep your voter information current. To receive your ballot in a timely manner, please keep the Elections Department informed of any changes to your name, physical address, and mailing address.

Away from home? If you are a student away at college, in the military, or will be away from home during an election, notify the Elections Department and we will mail your ballot to your temporary address.

Ballots are NOT FORWARDED. Ballots are mailed to the address on record and are not forwarded. Notify the Elections Department of any address changes at least 30 days prior to an election.

CONTACT THE ELECTIONS DEPARTMENT

IN PERSON OR BY MAIL:

207 Fourth Avenue North
Room 107
Kelso, WA 98626

BY TELEPHONE:

(360) 577-3005

EMAIL:

elections@co.cowlitz.wa.us

WEBSITE ADDRESS:

www.cowlitz.wa.us/elections

Voting in Washington State

Qualifications

You may register and vote in elections in Washington State if you:

* Reside in Washington;
* Are a U.S. Citizen;
* Are at least 18 years old on or before Election Day; and
* Do not currently have your civil rights denied as a result of being convicted of a felony.

In Washington, you do not declare a political party membership when you register to vote.

Registration Deadlines

Keep in mind that there are registration deadlines prior to each election. You must register to vote at least **29 days** before an election if you register by mail, online, or through the Motor Voter program. If you move within the State of Washington, you must change your address **29 days** prior to an election. You may register **in person** at the Cowlitz County Elections Department up to **8 days** before an election if you are not currently registered to vote in Washington State.

How to Register to Vote

You can register to vote online at www.vote.wa.gov or at the Cowlitz County Elections Department.

CURBSIDE BALLOT DROP BOXES

Six (6) curbside ballot drop boxes are available beginning October 13, 2010, 20 days prior to the General Election. The drop boxes are available 24 hours per day and close at 8:00 pm on Election Day. **No postage is required for ballots deposited in the curbside ballot drop boxes.**

Curbside ballot drop boxes are located at:

Longview Civic Center Circle, across from Broadway St, near the Longview Post Office boxes;

Longview, on Broadway St, north of the Longview Post Office boxes;

Kelso, 3rd Ave, between Allen and Academy, near the Kelso Post Office boxes;

Woodland, city parking lot, Davidson and 2nd St, near the Utility Payment Drop box;

Castle Rock, Cowlitz St and 1st Ave SW, near Hattie's; and

Kalama, North 1st St, near the Kalama Post Office boxes.

The curbside ballot drop boxes provide another convenient way to return your ballot.

DISABLED VOTER ASSISTANCE AVAILABLE

eSlate voting machines will be available Monday through Thursday, during regular business hours for the General Election, beginning Wednesday, October 13, through Election Day, November 2, until 8:00 pm, at the Cowlitz County Elections Department.

These machines provide privacy and accessibility to voters who are blind, vision impaired, or have a disability or condition that would make it difficult or impossible to mark a ballot in the usual way.

Election Officials will be available to provide instructions and assistance as needed.

Cowlitz County - Sample Ballot
General Election - November 2, 2010

INSTRUCTIONS

How to Mark Your Ballot

To vote, completely fill in the oval next to your selection.

- Use a black or blue ink pen.
- More than one vote for a candidate or ballot measure will be an overvote, and no votes for that candidate or ballot measure will be counted.

How to Correct Your Ballot

- Do not erase.
- If you make a mistake, draw a line through the entire selection. You then have the option of making another choice.

Write-In Votes

To vote for a person not on the ballot, write the name of the candidate on the line provided for that office, then completely fill in the oval next to the line.

READ: Each candidate for partisan office may state a political party that he or she prefers. A candidate's preference does not imply that the candidate is nominated or endorsed by the party, or that the party approves of or associates with that candidate.

STATE

Proposed by Initiative Petition
Initiative Measure No. 1053

Initiative Measure No. 1053 concerns tax and fee increases imposed by state government. This measure would restate existing statutory requirements that legislative actions raising taxes must be approved by two-thirds legislative majorities or receive voter approval, and that new or increased fees require majority legislative approval. Should this measure be enacted into law?

- Yes
- No

Proposed by Initiative Petition
Initiative Measure No. 1082

Initiative Measure No. 1082 concerns industrial insurance. This measure would authorize employers to purchase private industrial insurance beginning July 1, 2012; direct the legislature to enact conforming legislation by March 1, 2012; and eliminate the worker-paid share of medical-benefit premiums. Should this measure be enacted into law?

- Yes
- No

Proposed by Initiative Petition
Initiative Measure No. 1098

Initiative Measure No. 1098 concerns establishing a state income tax and reducing other taxes. This measure would tax "adjusted gross income" above $200,000 (individuals) and $400,000 (joint-filers), reduce state property tax levies, reduce certain business and occupation taxes, and direct any increased revenues to education and health. Should this measure be enacted into law?

- Yes
- No

STATE Cont...

Proposed by Initiative Petition
Initiative Measure No. 1100

Initiative Measure No. 1100 concerns liquor (beer, wine and spirits). This measure would close state liquor stores; authorize sale, distribution, and importation of spirits by private parties; and repeal certain requirements that govern the business operations of beer and wine distributers and producers. Should this measure be enacted into law?

- Yes
- No

Proposed by Initiative Petition
Initiative Measure No. 1105

Initiative Measure No. 1105 concerns liquor (beer, wine and spirits). This measure would close all state liquor stores and license private parties to sell or distribute spirits. It would revise laws concerning regulation, taxation and government revenues from distribution and sale of spirits. Should this measure be enacted into law?

- Yes
- No

Proposed by Initiative Petition
Initiative Measure No. 1107

Initiative Measure No. 1107 concerns reversing certain 2010 amendments to state tax laws. This measure would end sales tax on candy; end temporary sales tax on some bottled water; end temporary excise taxes on carbonated beverages; and reduce tax rates for certain food processors. Should this measure be enacted into law?

- Yes
- No

STATE Cont...

Proposed to the People by the Legislature
Referendum Bill No. 52

The legislature has passed Engrossed House Bill No. 2561, concerning authorizing and funding bonds for energy efficiency projects in schools. This bill would authorize bonds to finance construction and repair projects increasing energy efficiency in public schools and higher education buildings, and continue the sales tax on bottled water otherwise expiring in 2013. Should this bill be:

- Approved
- Rejected

Proposed to the People by the Legislature
Amendment to the State Consitution
Senate Joint Resolution No. 8225

The legislature has proposed a constitutional amendment concerning the limitation on state debt. This amendment would require the state to reduce the interest accounted for in calculating the constitutional debt limit, by the amount of federal payments scheduled to be received to offset that interest. Should this constitutional amendment be:

- Approved
- Rejected

Note: The Sample Ballot includes all measures and races presented within the county. Only races and measures you are entitled to vote upon will appear on your Official Ballot.

STATE Cont...

Proposed to the People by the Legislature Amendment to the State Constitution Engrossed Substitute House Joint Resolution No. 4220

The legislature has proposed a constitutional amendment on denying bail for persons charged with certain criminal offenses. This amendment would authorize courts to deny bail for offenses punishable by the possibility of life in prison, on clear and convincing evidence of a propensity for violence that would likely endanger persons. Should this constitutional amendment be:

- [ ] Approved
- [ ] Rejected

STATE Partisan Offices

U.S. Senator

- [ ] Patty Murray (Prefers Democratic Party)
- [ ] Dino Rossi (Prefers Republican Party)
- [ ] _____

U.S. Representative 3rd Congressional District

- [ ] Denny Heck (Prefers Democratic Party)
- [ ] Jaime Herrera (Prefers Republican Party)
- [ ] _____

State Representative Pos. 1 Legislative District 18

- [ ] Dennis Kampe (Prefers Democratic Party)
- [ ] Ann Rivers (Prefers Republican Party)
- [ ] _____

STATE Partisan Offices Cont...

State Representative Pos. 2 Legislative District 18

- [ ] Ed Orcutt (Prefers Republican Party)
- [ ] _____

State Representative Pos. 1 Legislative District 19

- [ ] Dean Takko (Prefers Democratic Party)
- [ ] Kurt Swanson (Prefers Republican Party)
- [ ] _____

State Representative Pos. 2 Legislative District 19

- [ ] Brian E. Blake (Prefers Democratic Party)
- [ ] Tim Sutinen (Prefers Lower Taxes Party)
- [ ] _____

COUNTY Partisan Offices

Assessor

- [ ] Terry McLaughlin (Prefers Democratic Party)
- [ ] _____

Auditor

- [ ] Kristina Kephart Swanson (Prefers Democratic Party)
- [ ] _____

COUNTY Partisan Offices Cont...

Clerk

- [ ] Beverly Little (Prefers Republican Party)
- [ ] Roni A. Booth (Prefers Democratic Party)
- [ ] _____

Cowlitz County Commissioner District #3

- [ ] Axel Swanson (Prefers Democratic Party)
- [ ] James R. Misner (Prefers Independent Party)
- [ ] _____

Coroner

- [ ] Timothy J. Davidson (Prefers Democratic Party)
- [ ] _____

Prosecuting Attorney

- [ ] Sue Baur (Prefers Democratic Party)
- [ ] Tom Ladouceur (States No Party Preference)
- [ ] _____

Sheriff

- [ ] Mark S. Nelson (Prefers Democratic Party)
- [ ] _____

Treasurer

- [ ] Kathy Hanks (Prefers Democratic Party)
- [ ] Merritt (Buz) Ketcham (Prefers Republican Party)
- [ ] _____

Note: The Sample Ballot includes all measures and races presented within the county. Only races and measures you are entitled to vote upon will appear on your Official Ballot.

JUDICIAL Non-Partisan

State Supreme Court
Justice Position 1

- Jim Johnson
- _____

State Supreme Court
Justice Position 5

- Barbara Madsen
- _____

State Supreme Court
Justice Position 6

- Richard B. Sanders
- Charlie Wiggins
- _____

Court of Appeals
Division 2, District 3

- Jill M. Johanson
- _____

Cowlitz County District Court
Judge Position 1

- David R. Koss
- _____

Cowlitz County District Court
Judge Position 2

- Edward J. Putka
- _____

Cowlitz County District Court
Judge Position 3

- Michael H. Evans
- _____

COUNTY Non-Partisan

Cowlitz Public Utility District
Commissioner District 3

- Ned Piper
- Don Curtis
- _____

Note: The Sample Ballot includes all measures and races presented within the county. Only races and measures you are entitled to vote upon will appear on your Official Ballot.

COWLITZ COUNTY ASSESSOR

The County Assessor determines the valuation of all taxable property in the county. This office maintains legal descriptions and property records, prepares assessment rolls, and establishes levy amounts for each taxing district.

The County Assessor's office appraises property both by physical inspection and by market activity. Washington State Law mandates that property must be physically inspected at least once every six years, with annual review and updates based on sales analysis.

Appraisers are required to be accredited by the Washington State Department of Revenue by successfully completing appraisal courses and tests and thereafter completing 15 hours of continuous education every two years. The County Assessor is responsible for verifying that all of the county appraisers are qualified. This office also administers the special assessment and taxation programs including the Senior Citizen/ Disabled Persons Exemption, open Space Taxation Act, and Forest Land Assessment as provided by State law.

ASSESSOR

Terry McLaughlin
Prefers Democratic Party

I am honored to serve as your Assessor for the past six years. As your Assessor I have maintained trust and integrity while providing fairness and uniformity to the valuations of property in the county.

To give you confidence in the Assessor responsibilities, I provided assessment information on the Internet along with interactive mapping. I will continue to identify efficiencies for the county and the public by the use of technology.

Born and raised in Kelso, I served as Geographic Information System Manager with the county for five years and have a total of 20 years experience with the county.

NO OTHER CANDIDATES FILED FOR COUNTY ASSESSOR

ASSESSOR'S MISSION STATEMENT

The role of the Assessor is to estimate (appraise or assess) the value of all taxable property. It is our mission to serve the citizens of Cowlitz County by achieving accuracy, equity, and fairness in the estimation of value.

- To achieve accuracy, it is our responsibility to neither under-nor over estimate the value of property.
- To achieve equity, it is our responsibility to see that all properties are assessed in a similar manner.
- To achieve fairness, it is our responsibility to ensure that each owner's share of the total property tax is the same as his or her share of the total value of property.

For more information on the Cowlitz County Assessor's Office, visit: www.co.cowlitz.wa.us/assessor

(The statements above are submitted by the candidates and have not been checked for accuracy by any government agency.)

COWLITZ COUNTY AUDITOR

The County Auditor manages four departmental areas; Accounting, Recording, Licensing, and Elections. The County Auditor's office serves as the "check and balance" organization for the county and ensures that expenditures are limited to the approved annual budget. The Auditor and staff audit all claims chargeable to the county and those special purpose districts requesting those services and issue payments for all claims.

As Licensing agent for Washington State Department of Licensing, the Auditor and staff process motor vehicle and vessel licenses, annual renewals, title applications and transfers.

As the Official Record Keeper for the county, the Auditor and staff record and maintain deeds, real estate contracts, liens, and other written instruments required by law to be recorded in the County. The Auditor's office also issues and maintains marriage licenses and records.

As the Chief Election Official, the Auditor and staff maintain voter registration records and conduct elections for Federal, State, County, Cities and local taxing districts.

AUDITOR

Kristina Kephart Swanson
Prefers Democratic Party

Thank you for the honor of serving as your County Auditor. I am fortunate to work with employees dedicated to providing outstanding public service. The Recording and Licensing divisions were restructured to improve the availability of services to the public and provide convenient, on-line access to recorded documents.

Substantial improvements were made in Elections here and across the country. Serving on the Standards Board for the Federal Elections Assistance Commission, I ensure voters in this state have a direct voice in election reform.

I look forward to continuing my leadership role in Cowlitz County and appreciate your vote and support.

NO OTHER CANDIDATES FILED FOR COUNTY AUDITOR

DID YOU KNOW?

The Help America Vote Act (HAVA) was enacted in 2002 in response to election controversies surrounding the 2000 Presidential Election. HAVA provided funding for States to improve their election processes and make voting more accessible for elderly voters and voters with disabilites.

To date, Cowlitz County has received almost $1.1 million to upgrade election registration and tabulation equipment, and improve accessibility for voters with disabilities. Fund uses include: updated election and disability voting equipment, ballot drop boxes, disability outreach advocate, accessible Administration Building and Elections Office, and live feed video/audio of election processing and election certification.

(The statements above are submitted by the candidates and have not been checked for accuracy by any government agency.)

COWLITZ COUNTY CLERK

The County Clerk is in the executive branch of government and is the administrator of the Superior Court Clerk's Office. The Clerk's Office is responsible for keeping the permanent records of all cases filed in Superior Court, assisting the public and legal community in the filing of their cases with Superior Court and keeping records of all proceedings held in court. During court proceedings it is the clerk's duty to mark and secure all exhibits (evidence) entered in jury and non-jury trials and court hearings. They also administer oaths, certify court documents and affix the seal of the court.

It is the responsibility of the Clerk's Office to collect and disburse monies for restitution, court costs, fines, child support, trust accounts, garnishments and fees as well as manage the juries for both District and Superior Courts by summoning prospective jurors and processing all juror questionnaires.

CLERK

Beverly Little
Prefers Republican Party

In February, 2010, I retired after working 20 years in the Clerk's Office. My main goal as Clerk is to make customer service first priority. People coming to the Clerk's Office are experiencing an event in their lives that is devastating, whether it be divorce, domestic violence, a death in the family, etc. The now closed doors will be open and every person will be listened to and treated with dignity and respect.

I have the qualifications and experience to bring efficiency to this office.

For more information, go to "Beverly Little For Cowlitz County Clerk. Com".

Roni A. Booth
Prefers Democratic Party

I have lived in Cowlitz County over 35 years, have been with the Clerk's Office since 1987, and held almost every position within the office. I have been the Cowlitz County Clerk since 2005.

I have brought document imaging to a reality and recently submitted a grant application to install a Public Computer Center at the Hall of Justice. I am working toward electronic access from your home to search court records and documents.

I am committed to the service of the public and believe I have the knowledge and experience it takes to continue as your County Clerk.

(The statements above are submitted by the candidates and have not been checked for accuracy by any government agency.)

COWLITZ COUNTY COMMISSIONER

The Board of County Commissioners is the county's legislative body and chief administrator.

In its legislative role, the Board is responsible for adopting the annual budget and levying taxes. The Board is also responsible for the operations of budgets under the control of appointed department heads and adopting, amending, and repealing all ordinances.

As administrators, the Board of County Commissioners is responsible for management of departments such as health, public works, corrections and law enforcement records and other departments which are not the responsibility of other elected officials; county buildings, property, vehicles and equipment; approving contracts; policies affecting county employees; and setting budget policy.

In their quasi-judicial capacity, the commissioners hear appeals of decisions made by other county boards or commissions and determine approval for a variety of development proposals, such as shorelines and subdivisions.

The Commissioners serve on a variety of community-wide boards and commissions along with other public officials to help direct public policy. Commissioners are responsible for appointing members to serve on numerous boards.

DISTRICT 3

Axel Swanson
Prefers Democratic Party

Axel Swanson was raised in Cowlitz County and graduated from R.A. Long High School and LCC. He earned his B.A. from Gonzaga University and advanced degrees from Vermont Law School. Axel served in the Marine Corps Reserve for six years earning the rank of Sergeant.

Axel was elected County Commissioner in 2006; he leads several key regional boards and commissions. If re-elected he will continue his commitment to balanced budgets, public safety, job creation, promoting Mount St. Helens and providing common sense leadership.

Axel Swanson works for us!

Please visit voteaxel.com for more information.

James R. Misner
Prefers Independent Party

My experience as a business owner and citizen working with the county shows me that the system works, but isn't reaching its full potential.

I adamantly believe Cowlitz County has every component necessary to succeed when we revitalize service to the citizen. Increasing land rights, easing permitting, providing protection and access to our rich natural resources, and improving roadways and zoning are just the start of what I'll work tirelessly to achieve for all of us. I'm excited as we begin focusing on unparalleled public service and the belief that when our goal is Cowlitz County excellence, we'll all win.

(The statements above are submitted by the candidates and have not been checked for accuracy by any government agency.)

COWLITZ COUNTY CORONER

The County Coroner investigates all sudden, violent, suspicious, and unusual deaths occurring in the county. The County Coroner's purpose is threefold: fully investigate each death and ascertain facts; to prevent similar deaths in the future; and to ensure that a death is not concealed, overlooked or ignored. The County Coroner certifies and signs the death certificate, locates and notifies the next of kin, and inventories and releases personal property found on the deceased to the next of kin.

C O R O N E R

Timothy J. Davidson
Prefers Democratic Party

Timothy J. Davidson is the qualified candidate for Cowlitz County Coroner, with the experience, knowledge, and compassion to assure the office's responsibilities are met.

Tim has 24 years of investigative experience, including ten years within the Cowlitz County Coroner's Office as an Autopsy Technician, Deputy Coroner, Chief Deputy, and is the current Cowlitz County Coroner. Tim has the experience and knowledge needed for the office in which he holds.

Tim is a nationally certified Medicolegal Death Investigator. He has advanced training/education in Forensic Investigations, Basic Forensic Pathology, Criminal Justice Administration, and Business Administration with a specialty in Health Care Management.

NO OTHER CANDIDATES FILED FOR COUNTY CORONER

DID YOU KNOW?

- The Coroner is a medico/legal death investigator.
- The Coroner is on-call 24 hours a day, 7 days a week.
- There are four part-time Deputy Coroners, all trained in forensic investigations, and all nationally certified.
- An average of 400 cases a year are referred to the Coroner.
- Autopsies are done by contracted forensic pathologists and cost $1,200 each.
- No autopsies are done for most natural deaths.

(The statements above are submitted by the candidates and have not been checked for accuracy by any government agency.)

COWLITZ COUNTY PROSECUTING ATTORNEY

The County Prosecuting Attorney is responsible for administering all divisions of the office.

The criminal division prosecutes all criminal actions in the Superior, District and Juvenile courts.

The civil division provides legal service to the county. The Prosecutor is advisor to the County Commissioners and County Officials, and represents them if legal action is brought against any county department or official.

The support enforcement division handles the enforcement of unpaid child support obligations.

The victim/witness division assists victims of and witnesses to crimes committed throughout the county.

The Prosecutor is to seek to reform and improve the administration of criminal justice, and stimulate efforts to remedy inadequacies or injustice in substantive or procedural law.

PROSECUTING ATTORNEY

Sue Baur
Prefers Democratic Party

I am privileged to be your County Prosecutor. Growing up, I learned the important values of integrity, hard work, and protecting the vulnerable. I became a lawyer to prosecute crime: to give voice to the victimized, and hold offenders accountable. I've prosecuted, or supervised the prosecution of thousands of felonies including homicides and child abuse. I've administered 30+ employees through good and bad budget years while increasing services to victims. I worked to create the County's Children's Justice & Advocacy Center to minimize trauma to our children while increasing reliability of abuse investigations. I'm committed to seeking a just result.

Tom Ladouceur
States No Party Preference

For 20 years, I have lived and practiced law in Cowlitz County, where I served as Deputy Prosecutor, City of Woodland Prosecutor, District Court Judge pro tem, and Deputy Public Defender.

I am now running for the office of Cowlitz County Prosecuting Attorney. I offer my diverse legal experience, strong work ethic, and proven good judgement. Enthusiastically endorsed by my colleagues, neighbors, family, and friends, I now seek your support and your vote.

The citizens of Cowlitz County deserve a prosecutor's office that protects the public with professionalism, hard work, and integrity. Together we can make this happen.

(The statements above are submitted by the candidates and have not been checked for accuracy by any government agency.)

COWLITZ COUNTY SHERIFF

The County Sheriff, by statute, is the "Chief Executive Officer and Conservator of the Peace of the County." The major responsibilities of the Sheriff's Office are general law enforcement services in the unincorporated county, maintenance of order, crime prevention and investigations, traffic control, marine enforcement, serving civil process (papers), and emergency services including search and rescue.

The Sheriff's Office provides for security of the courts and works to coordinate mutual assistance between the federal, state, county, and city public safety offices and organizations.

The Sheriff's Office conducts public awareness programs, informing the public about resisting criminal victimization, drug abuse, alcohol dependency, and responding to local emergencies.

S H E R I F F

Mark S. Nelson
Prefers Democratic Party

I am a life-long resident of Cowlitz County. I have spent a career serving my fellow citizens as a law enforcement officer. The citizens of this county deserve the best law enforcement available. As a fellow citizen and career law enforcement officer, I am committed to provide just that.

NO OTHER CANDIDATES FILED FOR COUNTY SHERIFF

SHERIFF'S MISSION STATEMENT

The mission of the Cowlitz County Sheriff's Office is to work in partnership with the citizens of our communities to preserve the public peace, protect the rights of persons and property, prevent crime, and provide assistance to persons in urgent situations.

We will be courteous and professional in enforcing the laws of Cowlitz County, the State of Washington and the Constitution of the United States.

Working with our citizens, we will strive to provide a professional law enforcement presence to help increase the safety and security of citizens and improve the quality of life in Cowlitz County.

For more information on the Cowlitz County Sheriff's Office, visit: www.co.cowlitz.wa.us/sheriff

(The statements above are submitted by the candidates and have not been checked for accuracy by any government agency.)

COWLITZ COUNTY TREASURER

The County Treasurer is the Chief Financial Agent for Cowlitz County, and is also the Ex-officio Treasurer of all taxing districts within the county and Ex-officio Tax Collector of incorporated cities. The County Treasurer's Office collects and distributes taxes from real estate, personal property, real estate excise, and local improvement districts.

As custodian for all monies for Cowlitz County and local government jurisdictions, the Treasurer receives and distributes all revenues from federal, state and local sources, maintains funds and accounts, reports cash transactions and services long-term debt.

Surplus monies, not needed for immediate expenditure, are invested by the Treasurer, according to the laws of the state and policies established by the county.

TREASURER

Kathy Hanks
Prefers Democratic Party

Kathy has been employed with Cowlitz County for 21 years, serving the last 10 years as the Treasurer's Administrative Assistant. She served as cashier, reports deputy, account clerk and Administrative Assistant during employment with Cowlitz County. Kathy will continue to use technology to improve service and save tax dollars. Because of her experience, leadership, and integrity Kathy is the right person for the job.

Kathy and her husband Bob have been married for 36 years and reside in Kalama. She is a graduate of Lower Columbia Leadership Academy and is a member of Kelso Kiwanis.

Merritt (Buz) Ketcham
Prefers Republican Party

Proven Leadership: Combining 31 years managing large projects in the private sector (LFCO) and 18 years as elected Supervisor/Commissioner in the public sector (Longview Diking and PUD), I bring a successful track record of innovative leadership and fiscal restraint.

I completed graduate program courses in accounting and finance beyond my engineering degree plus experience in bond sales and conservative investment strategies. I have the education, experience and courageous leadership skills to manage the People's Money.

County officials are cutting expenses where they can. It is more important now than ever to stretch every dollar.

Please vote Buz Ketcham for strong leadership.

(The statements above are submitted by the candidates and have not been checked for accuracy by any government agency.)

COWLITZ COUNTY DISTRICT COURT JUDGES

The Cowlitz County District Court, a court of limited jurisdiction, hears civil, small claims, criminal, and traffic cases. The District Court hears traffic and misdemeanor criminal citations issued by Washington State Patrol, Cowlitz County Sheriff's Office, Washington State Department of Fish & Wildlife and Natural Resources, and the Cowlitz County Humane Society. The court also conducts all court proceedings for the cities of Kelso, Longview, Castle Rock, Woodland, and Kalama.

The court has jurisdiction to handle civil matters up to $50,000, domestic violence, harassment orders and small claims.

POSITION 1

David R. Koss
Nonpartisan

I'm proud to be a member of this community, and a District Court judge since 1994.

Under our constitution, "justice shall in all cases be administered openly and without unnecessary delay." To me, this means three things. First, I seek justice in every case, by hearing both sides and following the law with fairness and equality. Second, I preside in open court. Third, I'm committed to being a good steward of the public's resources.

I often remind people they're accountable for their actions. I'm also accountable -- to my oath, to the constitution, and to you. I'm grateful for your support.

NO OTHER CANDIDATES FILED FOR DISTRICT COURT JUDGE POSITION 1

POSITION 2

Edward J. Putka
Nonpartisan

The District Court is the judicial branch that citizens are most likely to encounter in their lifetime. Despite ever-increasing dockets, the Court depends heavily on city and county budgets with almost no help from the state. As such, it is important to operate in an efficient and fiscally sound manner. We take great pride in our Court being a state leader in both technology and finances. Within that framework, I am committed to serving each of you and guaranteeing that every user of our Court receives both a fair process and substantive justice.

NO OTHER CANDIDATES FILED FOR DISTRICT COURT JUDGE POSITION 2

(The statements above are submitted by the candidates and have not been checked for accuracy by any government agency.)

COWLITZ COUNTY DISTRICT COURT JUDGES

POSITION 3

Michael H. Evans
Nonpartisan

Michael Evans has the experience, integrity, and leadership we expect from our judges. He brings a balanced approach to the courtroom and understands his decisions affect the daily lives of real people. Michael protects victims and holds offenders accountable.

Michael spearheaded efforts to create Cowlitz County's first mental health court. Importantly, Michael designed the mental health court to leverage existing resources with no new expenditure of dollars.

Michael is active in the community, volunteering his time as a board member of Habitat for Humanity and Legal Aid. Please join your neighbors and community leaders in their bipartisan support of Michael.

NO OTHER CANDIDATES FILED FOR DISTRICT COURT JUDGE POSITION 3

Snowbirds....

Let us know when you migrate!

If you are moving for a few months, don't forget to fill out a temporary change of address with the Elections Department. Unfortunately, our database cannot automatically change your address, so please TYPE or PRINT the necessary information below and return to our office.
Or call us at (360) 577-3005.

Name: _____

Physical Address: _____

_____

Current Mailing Address: _____

_____

Please return this form to: Cowlitz County Elections Department
207 North 4th Ave, Room 107
Kelso, WA 98626

PUBLIC UTILITY DISTRICT COMMISSIONERS

Public Utility District No. 1 of Cowlitz County, Washington (Cowlitz PUD) is a publicly-owned municipal corporation governed by a three-member Commission. Cowlitz PUD provides electrical service within Cowlitz County and operates a domestic water distribution system in the Longview-Kelso urban/suburban area. The Commissioners determine the operating policies, adopt the budget and establish rates. The Board meets on the second and fourth Tuesday of each month to discuss and conduct the business of the PUD.

DISTRICT 3

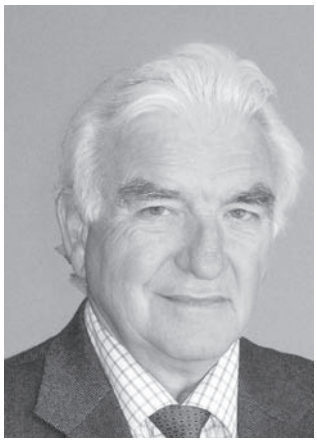
Don Curtis
Nonpartisan

Don Curtis has been involved in public service for nearly 40 years, 23 of those in management as Public Works Superintendent for the City of Castle Rock and Kelso.

He was appointed by the Governor for 3 terms to the Washington State Water and Wastewater Certification Board of examiners, working to protect public health for the citizens of Washington.

He will safeguard our affordable electric rates, and be sensitive to the issues of the people of Cowlitz County.

Support Don as PUD Commissioner for our future.
He and his wife of 37 years, Mary, reside in Castle Rock.



Ned Piper
Nonpartisan

I'm running for PUD Commissioner to keep Cowlitz PUD moving forward. In 2006, Montana passed an initiative requiring a percentage of their power be provided by renewable energy. Anticipating the inevitable, Cowlitz developed a wind farm in the Gorge. By the time Washington passed a similar initiative, our project was producing renewable energy, putting us ahead of others, and at a much lower cost.
Cowlitz is keeping rates low while installing new technology, strengthening reliability, improving employee safety, promoting conservation and exploring additional alternative energy sources. My desire to serve is still strong and I am asking for your vote.

(The statements above are submitted by the candidates and have not been checked for accuracy by any government agency.)

"We Insist..."

When the U.S. Constitution went into effect over two hundred years ago, the "right to vote" didn't apply to most Americans. In fact, it took well over a century before federal elections were open to the half of adult citizens who happened to be female.

Even though women were not allowed to vote in the early 1800s, many were active in politics. Women helped to organize and lead the movements for abolition (ending slavery) and temperance (reducing the amount of alcohol people drank). Female activists began to feel frustrated that they could not contribute to these movements by voting. In fact, they could not even participate in some international abolitionist meetings. American activists Lucretia Mott and Elizabeth Cady Stanton met in London, England, while waiting for their husbands during an abolition conference.

In 1848, the first women's rights convention in the United States was held in Seneca Falls, New York. During two July days, a document called the "Declaration of Sentiments" was written, adopted, and signed by over one hundred men and women who acknowledged that women were being deprived of their rights, including their right to vote. "We insist," they wrote. They wanted this inequality between men and women stopped immediately, but their battle for the right to vote was to last seventy-two years.

Women who spoke out and fought for the right to vote were called suffragettes. Suffragettes and their supporters held meetings all over the world. The result? Riots, arrests, imprisonment, hunger strikes, and, for some, death.

After the American Civil War ended in 1865, and slavery was abolished, women's political rights became a heated issue. In 1869, the Wyoming Territory granted women equal suffrage. They could vote, hold state office, and serve on juries. But the rest of America's women were still struggling. In 1877, the women's suffrage amendment was first introduced to Congress.

Not all women wanted to vote. Some of them agreed with the men who thought that women were less intelligent and less able to make political decisions. Some opponents thought that women were too morally pure to get involved with politics. Others feared that voting women would become neglectful mothers and waste time at meetings. Cartoonists showed suffragettes as ugly, sinister women battling men with their placards and banners. Activists formed groups such as the National Association Opposed to Women Suffrage.

Celebrating 100 years of women voting

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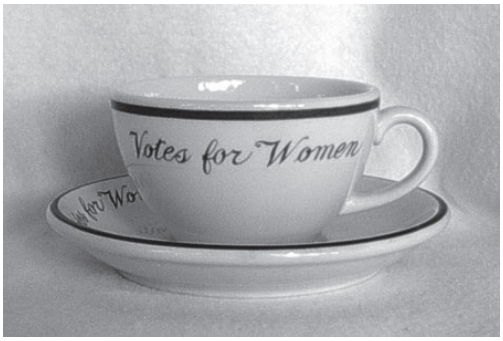
During World War 1, however, Americans saw the important contributions women made to the war cause. Thousands of men left their jobs and went to Europe to fight. That left women with extra responsibilities. They had to keep their homes and families going, and they had to work outside the home. Maybe women did deserve a say in how the government worked. Opinions began to change.

"MILK, SUGAR, OR LEMON?"
Wealthy socialite Alva Vanderbilt Belmont supported the women's suffrage movement by donating plenty of funds to the organizers. She also hosted rallies in her Chinese Tea House built overlooking the sea at her summer "cottage" – actually a mansion called Marble House in Newport, Rhode Island. Belmont even commissioned a new set of china to show her support. Each white cup and saucer was decorated with blue lettering that proclaimed "Votes for Women." The tea drinkers were reminded why they were at Marble House every time they took a sip.



Women Win the Vote

Cowlitz County

November 8, 1910

Proposed Amendment to the Constitution of the United States of America

AMENDMENT XIX

Passed by Congress June 4, 1919. Ratified August 18, 1920.

The right of citizens of the United States to vote shall not be denied or abridged by the United States or by any State on account of sex. Congress shall have power to enforce this article by appropriate legislation.

100 years ago, Washington became the fifth state to permanently grant women's right to vote.

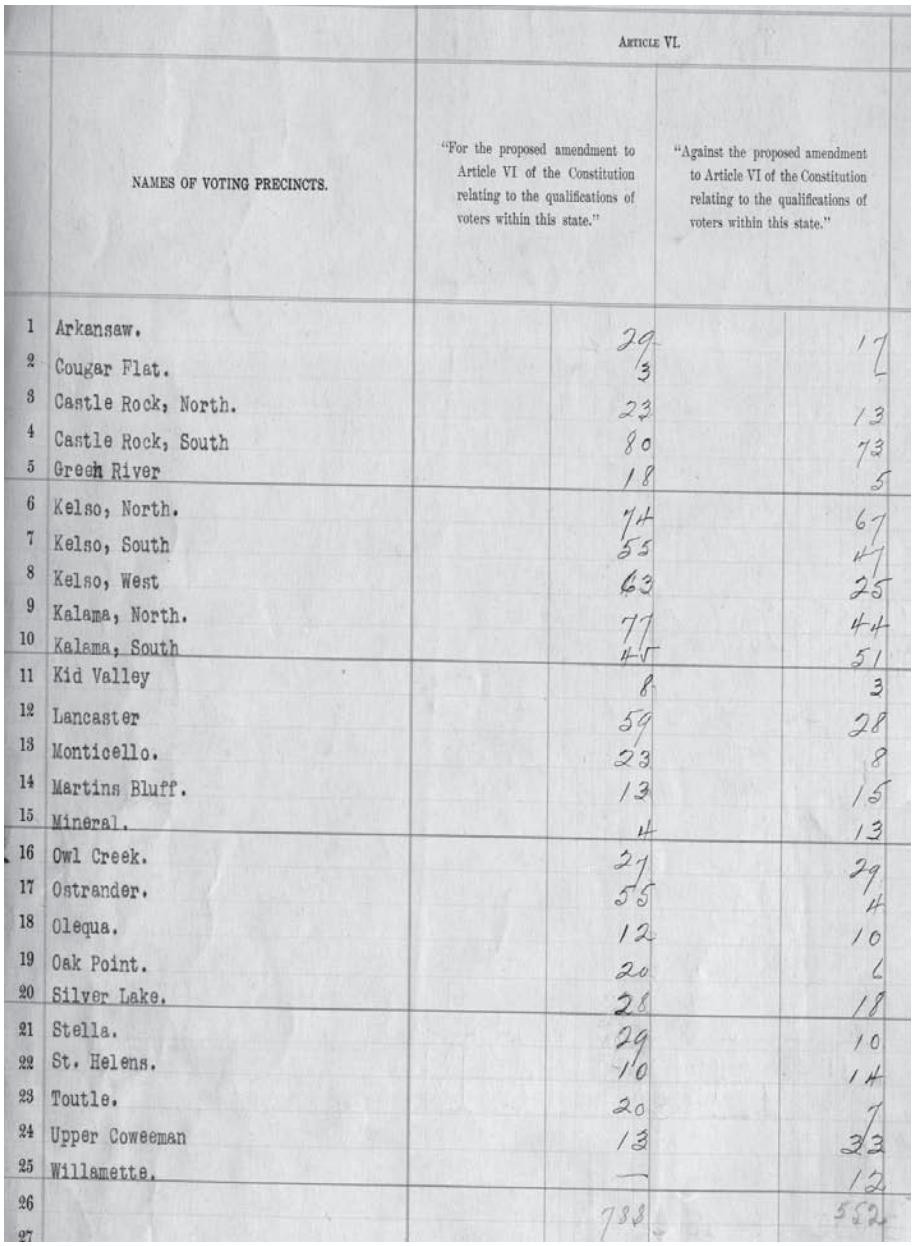
Suffrage was a hard won victory after many setbacks.

In 1871, women's suffrage leader, Susan B. Anthony, visited Pumphrey's Landing in Cowlitz County as part of a 2000 mile crusade.

Women from Ostrander, Castle Rock, and Kelso joined the crusade.

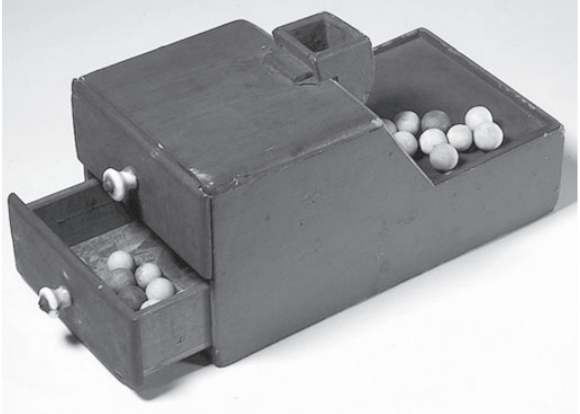
In the 1910 General Election, Cowlitz County male voters approved women's suffrage:

For: 788
Against: 552



	NAMES OF VOTING PRECINCTS.	Article VI. "For the proposed amendment to Article VI of the Constitution relating to the qualifications of voters within this state."	Article VI. "Against the proposed amendment to Article VI of the Constitution relating to the qualifications of voters within this state."
1	Arkansaw.	29	17
2	Cougar Flat.	3	
3	Castle Rock, North.	23	13
4	Castle Rock, South	80	73
5	Green River	18	5
6	Kelso, North.	74	67
7	Kelso, South	55	47
8	Kelso, West	63	25
9	Kalama, North.	77	44
10	Kalama, South	45	51
11	Kid Valley	8	3
12	Lancaster	59	28
13	Monticello.	23	8
14	Martins Bluff.	13	15
15	Mineral.	4	13
16	Owl Creek.	27	29
17	Ostrander.	55	4
18	Olequa.	12	10
19	Oak Point.	20	6
20	Silver Lake.	28	18
21	Stella.	29	10
22	St. Helens.	10	14
23	Toutle.	20	7
24	Upper Coweeman	13	23
25	Willamette.	—	12
26		788	552
27			

The Machinery of Democracy

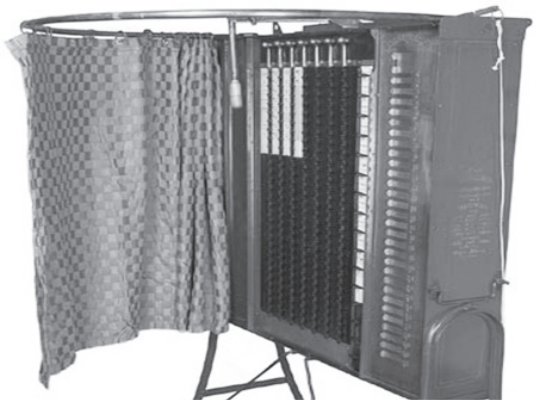


The earliest elections were conducted by voice vote or with various types of ballots and ballot boxes.

This ballot box, Wooden Box with Marbles, was not used in a US Election, but in a social club in Washington DC. The term ballot is derived from the Italian ballotta, meaning “little ball.”

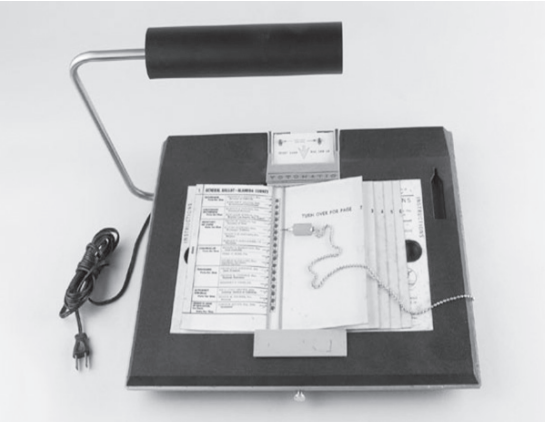
In the late 1800’s and early 1900’s, the US electorate doubled due to immigration and women receiving the right to vote. Election officials worried that the surge in the number of voters would make election fraud easier and searched for secure voting equipment.

Women practice casting votes by means of a lever type voting machine in 1913. The first year all women had the right to vote was 1920.



The Standard Voting Machine was patented by inventor Alfred J. Gillespie and manufactured by the Standard Voting Machine Company in the late 1890s. It was the first to use a voter-activated mechanism that drew a privacy curtain around the voter and simultaneously unlocked the machine's levers for voting.

The Machinery of Democracy



From the late 1950s through the early 1970s, election districts grew to include millions of voters as federal legislation outlawed barriers to voting. The 26th amendment lowered the voting age from 21 to 18 in 1971. Election officials looked to vote recording systems to tap the power of computers.

The Votomatic features a stylus and a paginated ballot keyed to an underlying punch card.

Cowlitz County's Optical Digital Scanner.
After the 2000 Presidential Election, federal funds were provided for states to purchase new voting systems—typically, "optical scan" or "direct recording electronic" (DRE) systems— hastening the demise of the gear-and-lever voting machine and the Votomatic type punch card ballot.

Washington State implemented vote-by-mail, where the paper ballots are now optically scanned and recorded.

With Help America Vote Act funding, Cowlitz County purchased the eSlate, an accessible, electronic voting device that helps voters with disabilities vote privately and independently. The eSlate can read the ballot to the voter, and allows voters to easily navigate the ballot and vote. The Elections Staff is available to assist voters that would like to use the eSlate.

For more information, or to use the eSlate, call 360-577-3005.

Precinct Committee Officer

A Precinct Committee Officer, or PCO, is the name for an office in WA State that organizes a voting precinct for a political party. The PCO is one of the most grass-roots offices available. The PCO brings to the party the concerns of the voters, and of the neighborhood. The PCO also provides a link between the voter and Elected Officials, sharing information and providing assistance, where needed, to the voters of that precinct. In other states, this position is often called Precinct Captain.

Eligibility and Term

A person wishing to run for PCO must file his or her Declaration of Candidacy with their County Auditor for a specific party. Anyone who is a registered voter and a member of a political party can become a PCO. The candidate must be a member of the party he or she is running for and must live in that precinct. The office must be voted upon at the Primary for each even-numbered year, and the names of all candidates must appear under the proper party, Republican or Democrat. PCOs are elected for two-year terms commencing first day of December following the primary.

Duties

- Informing their precinct of their party's candidates
- Registering new voters
- Identifying party members
- Recommending Election Board workers
- "Get out the vote" campaigns
- Holding/leading a precinct caucus every spring of a presidential election year
- Attending legislative district party meetings

Who Represents you?

You can find the PCO serving in your area by contacting the political parties below or by visiting the Cowlitz County Elections website at www.co.cowlitz.wa.us/elections.

Cowlitz County Democratic Party
Democratic Headquarters
536 Oregon Way, Longview, WA 98632
(360) 578-1326

Derl Moore
Chair of the Democratic Central Committee
2641 Garfield St.
Longview, WA 98632
Phone: (360) 423-2368
derlmoore@comcast.net

Cowlitz County Republican Party
Republican Headquarters
PO BOX 2327, Longview, WA 98632
(360) 577-1211

Gary Schimmel
Chair of the Republican Central Committee
1219 North 3rd Ave.
Kelso, WA 98626
Phone: (360) 414-0299
cowlitzgop.chairman@gmail.com

How do I read measure text?

Any language in double parentheses with a line through it is existing state law and will be taken out of the law if the measure is approved by voters. Any underlined language or new sections do not appear in current state law but will be added to the law if the measure is approved by voters.

Complete Text

Initiative Measure 1053

AN ACT Relating to tax and fee increases imposed by state government; amending RCW 43.135.035 and 43.135.055; adding a new section to chapter 43.135 RCW; creating new sections; repealing RCW 43.135.035; and providing contingent effective dates.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

INTENT

NEW SECTION. **Sec. 1.** 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.

PROTECTING TAXPAYERS BY REQUIRING EITHER TWO-THIRDS LEGISLATIVE APPROVAL OR VOTER APPROVAL FOR STATE GOVERNMENT TO RAISE TAXES

(sections 2 and 3 take effect if the 2010 legislature suspends or repeals the two-thirds legislative vote requirement for tax increases)

NEW SECTION. **Sec. 2.** A new section to chapter 43.135 RCW is added and reads as follows:

(1) After July 1, 1995, any action or combination of actions by the legislature that raises taxes may be taken only if approved by at least two–thirds legislative approval in both the house of representatives and the senate. Pursuant to the referendum power set forth in Article II, section 1(b) of the state Constitution, tax increases may be referred to the voters for their approval or rejection at an election.

(2)(a) If the legislative action under subsection (1) of this section will result in expenditures in excess of the state expenditure limit, then the action of the legislature shall not take effect until approved by a vote of the people at a November general election. The state expenditure limit committee shall adjust the state expenditure limit by the amount of additional revenue approved by the voters under this section. This adjustment shall not exceed the amount of revenue generated by the legislative action during the first full fiscal year in which it is in effect. The state expenditure limit shall be adjusted downward upon expiration or repeal of the legislative action.

(b) The ballot title for any vote of the people required under this section shall be substantially as follows:

"Shall taxes be imposed on . . . . . in order to allow a spending increase above last year's authorized spending adjusted for personal income growth?"

(3)(a) The state expenditure limit may be exceeded upon declaration of an emergency for a period not to exceed twenty-four months by a law approved by a two-thirds vote of each house of the legislature and signed by the governor. The law shall set forth the nature of the emergency, which is limited to natural disasters that require immediate government action to alleviate human suffering and provide humanitarian assistance. The state expenditure limit may be exceeded for no more than twenty-four months following the declaration of the emergency and only for the purposes contained in the emergency declaration.

(b) Additional taxes required for an emergency under this section may be imposed only until thirty days following the next general election, unless an extension is approved at that general election. The additional taxes shall expire upon expiration of the declaration of emergency. The legislature shall not impose additional taxes for emergency purposes under this subsection unless funds in the education construction fund have been exhausted.

(c) The state or any political subdivision of the state shall not impose any tax on intangible property listed in RCW 84.36.070 as that statute exists on January 1, 1993.

(4) If the cost of any state program or function is shifted from the state general fund to another source of funding, or if moneys are transferred from the state general fund to another fund or account, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), shall lower the state expenditure limit to reflect the shift. For the purposes of this section, a transfer of money from the state general fund to another fund or account includes any state legislative action taken that has the effect of reducing revenues from a particular source, where such revenues would otherwise be deposited into the state general fund, while increasing the revenues from that particular source to another state or local government account. This subsection does not apply to: (a) The dedication or use of lottery revenues under RCW 67.70.240(3), in support of education or education expenditures; or (b) a transfer of moneys to, or an expenditure from, the budget stabilization account.

(5) If the cost of any state program or function and the ongoing revenue necessary to fund the program or function are shifted to the state general fund on or after January 1, 2007, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), shall increase the state expenditure limit to reflect the shift unless the shifted revenue had previously been shifted from the general fund.

(6) For the purposes of this chapter, "raises taxes" means 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.

NEW SECTION. **Sec. 3.** RCW 43.135.035 (Tax legislation--Referral to voters--Conditions and restrictions--Ballot title--Declarations of emergency--Taxes on intangible property--Expenditure limit to reflect program cost shifting or fund transfer) and 2009 c 479 s 36 are each repealed.

PROTECTING TAXPAYERS BY REQUIRING EITHER TWO-THIRDS LEGISLATIVE APPROVAL OR VOTER APPROVAL

FOR STATE GOVERNMENT TO RAISE TAXES

(section 4 takes effect if the 2010 legislature does not suspend or repeal the two-thirds legislative vote requirement for tax increases)

Sec. 4. RCW 43.135.035 and 2009 c 479 s 36 are each amended to read as follows:

(1) After July 1, 1995, any action or combination of actions by the legislature that raises taxes may be taken only if approved by ((~~a~~)) at least two-thirds ((~~vote of each house of the legislature~~)) legislative approval in both the house of representatives and the senate, and then only if state expenditures in any fiscal year, including the new revenue, will not exceed the state expenditure limits established under this chapter. Pursuant to the referendum power set forth in Article II, section 1(b) of the state Constitution, tax increases may be referred to the voters for their approval or rejection at an election.

(2)(a) If the legislative action under subsection (1) of this section will result in expenditures in excess of the state expenditure limit, then the action of the legislature shall not take effect until approved by a vote of the people at a November general election. The state expenditure limit committee shall adjust the state expenditure limit by the amount of additional revenue approved by the voters under this section. This adjustment shall not exceed the amount of revenue generated by the legislative action during the first full fiscal year in which it is in effect. The state expenditure limit shall be adjusted downward upon expiration or repeal of the legislative action.

(b) The ballot title for any vote of the people required under this section shall be substantially as follows:

"Shall taxes be imposed on . . . . . in order to allow a spending increase above last year's authorized spending adjusted for personal income growth?"

(3)(a) The state expenditure limit may be exceeded upon declaration of an emergency for a period not to exceed twenty-four months by a law approved by a two-thirds vote of each house of the legislature and signed by the governor. The law shall set forth the nature of the emergency, which is limited to natural disasters that require immediate government action to alleviate human suffering and provide humanitarian assistance. The state expenditure limit may be exceeded for no more than twenty-four months following the declaration of the emergency and only for the purposes contained in the emergency declaration.

(b) Additional taxes required for an emergency under this section may be imposed only until thirty days following the next general election, unless an extension is approved at that general election. The additional taxes shall expire upon expiration of the declaration of emergency. The legislature shall not impose additional taxes for emergency purposes under this subsection unless funds in the education construction fund have been exhausted.

(c) The state or any political subdivision of the state shall not impose any tax on intangible property listed in RCW 84.36.070 as that statute exists on January 1, 1993.

(4) If the cost of any state program or function is shifted from the state general fund to another source of funding, or if moneys are transferred from the state general fund to another fund or account, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), shall lower the state expenditure limit to reflect the shift. For the purposes of this section, a transfer of money from the state general fund to another fund or account includes any state legislative action taken that has the effect of reducing revenues from a particular source, where such revenues would otherwise be deposited into the state general fund, while increasing the revenues from that particular source to another state or local government account. This subsection does not apply to: (a) The dedication or use of lottery revenues under RCW 67.70.240(3), in support of education or education expenditures; or (b) a transfer of moneys to, or an expenditure from, the budget stabilization account.

(5) If the cost of any state program or function and the ongoing revenue necessary to fund the program or function are shifted to the state general fund on or after January 1, 2007, the state expenditure limit committee, acting pursuant to RCW 43.135.025(5), shall increase the state expenditure limit to reflect the shift unless the shifted revenue had previously been shifted from the general fund.

(6) For the purposes of this chapter ((~~1, Laws of 2008~~)), "raises taxes" means 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.

PROTECTING TAXPAYERS BY REQUIRING MAJORITY LEGISLATIVE APPROVAL FOR STATE GOVERNMENT TO INCREASE FEES

Sec. 5. RCW 43.135.055 and 2008 c 1 s 14 are each amended to read as follows:

1) ((~~No~~)) A fee may only be imposed or increased in any fiscal year ((~~without prior legislative approval~~)) if approved with majority legislative approval 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.

CONSTRUCTION CLAUSE

NEW SECTION. **Sec. 6.** The provisions of this act are to be liberally construed to effectuate the intent, policies, and purposes of this act.

SEVERABILITY CLAUSE

NEW SECTION. **Sec. 7.** 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.

MISCELLANEOUS

NEW SECTION. **Sec. 8.** This act shall be known and cited as Save The 2/3's Vote For Tax Increases Act of 2010.

NEW SECTION. **Sec. 9.** Sections 2 and 3 of this act take effect if, during the 2010 legislative session, the legislature amends or repeals RCW 43.135.035.

NEW SECTION. **Sec. 10.** Section 4 of this act takes effect if, during the 2010 legislative session, the legislature does not amend or repeal RCW 43.135.035.

-- END --

Complete Text

Initiative Measure 1082

AN ACT Relating to industrial insurance reform through privatization and competition; amending RCW 51.14.010 and 51.16.140; adding a new section to chapter 51.28 RCW; adding new sections to chapter 51.44 RCW; adding a new section to chapter 51.52 RCW; adding a new chapter to Title 48 RCW; creating new sections; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec. 1.** The people find that forty-six other states have used competition to maximize efficiency in their worker compensation programs. Private sector competition in providing worker compensation coverage has been effective in improving injured worker outcomes while reducing premium costs for employers. Competition has also improved program efficiency and created financial incentives to create innovative safety programs that protect all workers. Therefore, the purposes of this act are to:

(1) Maintain the existing benefit levels to which injured workers are entitled under existing law while at the same time improving their opportunity to return to work;

(2) As a result of private sector competition in providing worker compensation coverage, eliminate the requirement that workers in Washington pay one-half of their medical coverage for injuries on the job;

(3) Create an efficient and cost-effective industrial insurance system for the benefit of both employers and workers by introducing competition into the system through a choice of insurance providers from whom employers may purchase industrial insurance;

(4) Provide workers the benefit of safety systems developed by both the private sector and by government;

(5) Improve the state's economic climate by providing the private sector with the opportunity to engage in the industrial insurance business with appropriate standards and oversight;

(6) Eliminate state government's monopoly with respect to industrial insurance by providing employers choices for purchasing industrial insurance coverage.

NEW SECTION. **Sec. 2.** (1) For the purposes of this chapter, the term "industrial insurance insurer" includes an insurer authorized to insure the liabilities defined by Title 51 RCW but does not include any entity providing industrial insurance coverage in accordance with RCW 51.14.010 (1) or (2) or the state fund.

(2) The commissioner shall issue a certificate of authority to be an industrial insurance insurer if the insurer meets the requirements to be licensed to sell insurance in this state and meets the applicable provisions of this title and Title 51 RCW. The commissioner shall perform all duties required under this title to ensure that each industrial insurance insurer continues to meet the requirements of the applicable provisions of this title and Title 51 RCW.

(3) The commissioner shall designate a licensed rating organization to file with the commissioner, for approval, a manual of classifications and rules, rating plans, policy forms and provisions, and a statistical plan which will provide data adequate for rate making. Every industrial insurance insurer must be a member of the licensed rating organization designated by the commissioner and must adhere to the approved filings required by this section.

(4) The licensed rating organization shall file manual rates with the commissioner. Such rates shall not require commissioner preapproval prior to use. Any member of the rating organization may make written application to the commissioner for approval of uniform percentage deviations from the manual rates filed by the rating organization.

(5) The department of labor and industries division of industrial insurance shall make available to the licensed rating organization designated by the commissioner the accident and loss experience records for the periods before the effective date of this section. The division of industrial insurance shall be reimbursed by such organization for the actual reasonable cost of reproduction and delivery of the records and data.

(6) The commissioner shall establish an assigned risk plan for all industrial insurance insurers.

(7) This chapter does not prohibit or regulate the payment of dividends and savings on unabsorbed premium deposits allowed or returned by industrial insurance insurers to their policyholders, groups, members, or subscribers. A plan that is designed to return dividends, savings on unabsorbed premium by industrial insurance insurers to their policyholders, groups, members, or subscribers is not a rating plan or system.

(8) The commissioner shall adopt rules under chapter 34.05 RCW to implement this section.

NEW SECTION. **Sec. 3.** Each industrial insurance insurer offering to sell industrial insurance shall hold a certificate of authority issued by the insurance commissioner under chapter 48.05 RCW permitting it to provide industrial insurance. Before issuing the certificate, the commissioner shall certify that such an industrial insurance insurer has the capacity to provide for the benefits to which injured workers are entitled, adequate safety engineering, loss prevention, and claims management services for all employers the industrial insurance insurer insures. Such a certificate is not valid if the industrial insurance insurer fails to maintain (1) a location within the state where applications for industrial insurance benefits may be made and maintained with the commissioner and (2) a list of the locations and telephone numbers where information may be obtained about all appropriate matters relating to claims.

NEW SECTION. **Sec. 4.** A new section is added to chapter 51.28 RCW to read as follows:

(1) The industrial insurance insurer shall notify the employer and the injured worker:

(a) Of its decision whether or not to pay industrial insurance benefits for any application for industrial insurance benefits within five days of making a decision;

(b) Each time the industrial insurance insurer makes a decision to pay industrial insurance benefits pursuant to chapter 51.32 RCW; and

(c) At intervals not to exceed thirty calendar days, of any medical services approved or authorized under chapter 51.36 RCW.

(2) Each notice under this section must include an explanation, in nontechnical language, of the potential impacts of the decision on the injured worker, the industrial insurance rates of the employer, and the injured worker's and/or employer's right to appeal the decision. The sixty-day requirement to request reconsideration or appeal a decision does not begin until the notice has been sent to the employer and injured worker.

NEW SECTION. **Sec. 5.** A new section is added to chapter 51.44 RCW to read as follows:

A revolving fund to be known and designated as the industrial insurance administrative fund is created in the state treasury. The insurance commissioner shall administer the fund. The fund is established to provide for the payment of all expenses of the board of industrial insurance appeals and the insurance commissioner with respect to the administration of their respective duties under this title and chapter 48.-- RCW (the new chapter created in section 14 of this act). There must be separate appropriations for the board and the insurance commissioner. Any money appropriated from the general fund for the uses and purposes of the administrative fund must be placed in the administrative fund.

NEW SECTION. **Sec. 6.** A new section is added to chapter 51.44 RCW to read as follows:

(1) The insurance commissioner shall periodically calculate and collect from industrial insurance insurers assessments that, with the interest earned, are sufficient to cover the administrative costs of the commissioner to administer sections 2 and 3 of this act. The time and manner of collecting assessments must be set forth in rules adopted by the commissioner under chapter 34.05 RCW.

(2) The commissioner shall prepare, as soon as is practicable after July 1st each year, a line item budget for the industrial insurance administrative fund for the succeeding fiscal year. The budget must be based upon the actual expenditures of the preceding fiscal year and a reasonable estimate of expenses for the succeeding year.

(3) The assessment of each industrial insurance insurer must be an amount bearing the same ratio to the total administrative costs that each industrial insurance insurer's adjusted premium bears to the aggregated adjusted premium of all industrial insurance insurers. As used in this subsection "adjusted premium" means the direct earned premium for industrial insurance under this title, determined under uniform rules adopted by the insurance commissioner.

(4) The assessment for each industrial insurance insurer must be calculated in the following manner:

(a) The assessment for each industrial insurance insurer must be based on the adjusted premium for the period immediately preceding the period to which the assessment will apply.

(b) The periodic assessment must be adjusted after each fiscal year to reflect the actual adjusted premium of each industrial insurance insurer for that fiscal year, as determined by the commissioner.

(c) Notwithstanding any provision of this section, each industrial insurance insurer may be assessed annually a minimum amount not to exceed five hundred dollars, as determined by the commissioner.

(5) Assessments are payable in full within thirty days of the notice of assessment. If any industrial insurance insurer fails to pay the assessment by the date due, interest may be charged on all past due amounts at a reasonable market rate as may be established from time to time by the commissioner by rule.

(6) In no event may any assessment made under this section exceed four percent per annum of the total taxable industrial insurance premiums in this state for the year immediately preceding the assessment.

NEW SECTION. **Sec. 7.** A new section is added to chapter 51.44 RCW to read as follows:

Plans offered by industrial insurance insurers to groups of employers must meet the following criteria:

(1) All the employers in the group are members of an organization that has been in existence for at least four years;

(2) The organization exists primarily for a purpose other than that of obtaining or offering industrial insurance coverage or insurance-related services;

(3) The group must be composed of employers who are substantially similar considering the services or activities performed by the employees of those employers; and

(4) The formation and operation of the group program in the organization will improve accident prevention and claims management for the employers in the group.

Sec. 8. RCW 51.14.010 and 1971 ex.s. c 289 s 26 are each amended to read as follows:

Every employer under this title shall secure the payment of compensation under this title by:

(1) Insuring and keeping insured the payment of such benefits with the state fund; ((~~or~~))

(2) Qualifying as a self-insurer under this title; or

(3) Insuring and keeping insured the payment of compensation, individually or as part of a group of employers, with an industrial insurance insurer meeting the requirements of section 2 of this act.

Sec. 9. RCW 51.16.140 and 1989 c 385 s 3 are each amended to read as follows:

((~~(1) Every employer who is not a self-insurer shall deduct from the pay of each of his or her workers one-half of the amount he or she is required to pay, for medical benefits within each risk classification. Such amount shall be periodically determined by the director and reported by him or her to all employers under this title: PROVIDED, That the state governmental unit shall pay the entire amount into the medical aid fund for volunteers, as defined in RCW 51.12.035, and the state apprenticeship council shall pay the entire amount into the medical aid fund for registered apprentices or trainees, for the purposes of RCW 51.12.130. The deduction under this section is not authorized for premiums assessed under RCW 51.16.210.~~

~~(2)~~)) It shall be unlawful for the employer, unless specifically authorized by this title, to deduct or obtain any part of the premium or other costs required to be by him or her paid from the wages or earnings of any of his or her workers, and the making of or attempt to make any such deduction shall be a gross misdemeanor.

NEW SECTION. **Sec. 10.** A new section is added to

chapter 51.52 RCW to read as follows:

With respect to the rights and responsibilities of the department under this chapter, an industrial insurance insurer shall have the same rights and responsibilities under that chapter as does the department.

NEW SECTION. **Sec. 11.** Industrial insurance insurers who obtain a certificate of authority as provided in sections 2 and 3 of this act and provide coverage for industrial insurance benefits must provide benefits as set forth in chapters 51.32 and 51.36 RCW. Such industrial insurance insurers shall administer claims for benefits under chapter 51.32 RCW without involvement by the department, subject to the right to appeal any such claim decisions to the board and the courts pursuant to chapter 51.52 RCW.

NEW SECTION. **Sec. 12.** The exposure medium used by each carrier, self-insurer, or state fund to price their insurance product shall be based upon total payroll and will not be subject to any payroll limitation.

NEW SECTION. **Sec. 13.** (1) The joint legislative task force on private competition for industrial insurance is established. The task force shall consist of the following members appointed by the lieutenant governor:

(a) One member from the house of representatives;

(b) One member from the senate; and

(c) The following members:

(i) Four members representing employers. At least one of the members must be from an employer with less than twenty employees, at least one of the members must represent an association with a retrospective rating program, and at least one of the members must be from a self-insured employer under Title 51 RCW;

(ii) Two members representing industrial insurance insurers; and

(iii) Four members representing employees. One member must be an employee of a self-insured employer and at least one member must be employed by an employer with fewer than twenty employees.

(2) The task force shall work with the commissioner and the department of labor and industries to develop proposed legislation to conform current statutes to the provisions of this act. The task force must provide its recommendations to the legislature by December 1, 2011.

(3) The task force shall expire upon completion of recommendations and transition of Washington's industrial insurance to a competitive market, but no later than December 31, 2012.

(4) No later than March 1, 2012, the legislature shall adopt such supplemental legislation as may be necessary to fully implement the policy directives of this act.

NEW SECTION. **Sec. 14.** Sections 2, 3, 11, and 12 of this act constitute a new chapter in Title 48 RCW.

NEW SECTION. **Sec. 15.** Sections 7 and 8 of this act take effect July 1, 2012.

NEW SECTION. **Sec. 16.** 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.

-- END --

Complete Text

Initiative Measure 1098

AN ACT Relating to education, health care, and fiscal reform; adding a new section to chapter 82.04 RCW; amending RCW 82.04.4451; adding a new chapter to Title 82 RCW; and prescribing penalties.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

PART I
GENERAL PROVISIONS

NEW SECTION. **Sec. 101.** INTENT. It is the intent of the people to create a new trust fund dedicated to improving education and health services and providing middle class tax relief by reducing the state property tax by twenty percent and eliminating the business and occupation tax for all small businesses, to be funded by an excise tax on joint income in excess of $400,000, or in the case of individuals $200,000.

PART II
ESTABLISHING A NEW TRUST FUND DEDICATED TO EDUCATION AND HEALTH SERVICES AND MIDDLE CLASS TAX RELIEF, FUNDED BY AN EXCISE TAX ON JOINT INCOMES IN EXCESS OF $400,000 ($200,000 FOR INDIVIDUALS)

NEW SECTION. **Sec. 201.** (1) A new state trust fund is hereby established dedicated to funding education and health services and middle class tax relief. The trust is known and cited as the education, health services, and middle class tax relief trust and is funded by the excise tax on joint incomes in excess of $400,000 ($200,000 for individuals) imposed under this chapter.

(2) Net revenue received by the trust must be devoted to education and health services. Seventy percent of the net revenues received by the trust must be deposited into the education legacy trust account and used exclusively for the purposes of that account. Thirty percent of the net revenues received by the trust must be used exclusively to supplement amounts available to fund the basic health plan under chapter 70.47 RCW, to provide for costs of state and local public health services, and to provide for long-term care services for seniors and people with disabilities under chapter 74.39A RCW and other health services. Net revenue is that revenue received by the trust in excess of that necessary to fund the middle class tax relief adopted in Part III of this act.

(3) Before computing or spending net revenue, the state treasurer must each year certify the revenue that would have been deposited in the general fund but for the middle class tax relief adopted in Part III of this act, and must make such deposits as are necessary to replace the revenue eliminated by such middle class tax relief.

NEW SECTION. **Sec. 202.** The office of financial management must prepare an annual report summarizing how funds deposited in the trust have been spent and estimating the number of state residents benefited. Monthly disclosure of tax collection and spending under this chapter

must be posted on a web site maintained by the treasurer and the office of financial management and such disclosure must, at a minimum, include the information set forth in RCW 43.08.150.

PART III
ADOPTION OF MIDDLE CLASS TAX RELIEF BY REDUCING THE STATE PROPERTY TAX BY TWENTY PERCENT AND ELIMINATING THE BUSINESS AND OCCUPATION TAX FOR SMALL BUSINESSES

NEW SECTION. **Sec. 301.** Beginning in 2012, the state property tax levy is reduced by twenty percent of the levy amount that would otherwise be allowed under this chapter without regard to this section.

NEW SECTION. **Sec. 302.** It is the intent of the voters that beginning in 2012, the business and occupation tax imposed in chapter 82.04 RCW on small business must be eliminated by increasing the business and occupation tax credit to four thousand eight hundred dollars per year, which will exempt approximately the smallest eighty percent of businesses in the state from the business and occupation tax and reduce the business and occupation tax for other businesses. The elimination of the business and occupation tax for small businesses must be carried out as provided in RCW 82.04.4451.

Sec. 303. RCW 82.04.4451 and 2010 c 23 s 1102 are each amended to read as follows:

(1) In computing the tax imposed under this chapter, a credit is allowed against the amount of tax otherwise due under this chapter, as provided in this section. ((~~Except for taxpayers that report at least fifty percent of their taxable amount under RCW 82.04.255, 82.04.290(2)(a), and 82.04.285, the~~)) The maximum annual credit for a taxpayer ((~~for a reporting period is thirty-five dollars multiplied by the number of months in the reporting period, as determined under RCW 82.32.045~~)) is four thousand eight hundred dollars. ((~~For a taxpayer that reports at least fifty percent of its taxable amount under RCW 82.04.255, 82.04.290(2)(a), and 82.04.285, the maximum credit for a reporting period is seventy dollars multiplied by the number of months in the reporting period, as determined under RCW 82.32.045.~~)) The department may by rule divide the credit into monthly or quarterly credits when monthly or quarterly returns are required.

(2) When the amount of tax otherwise due under this chapter is equal to or less than the maximum credit, a credit is allowed equal to the amount of tax otherwise due under this chapter.

(3) When the amount of tax otherwise due under this chapter exceeds the maximum credit, a reduced credit is allowed equal to twice the maximum credit, minus the tax otherwise due under this chapter, but not less than zero.

(4) The department may prepare a tax credit table consisting of tax ranges ((~~using increments of no more than five dollars~~)) and a corresponding tax credit to be applied to those tax ranges. The table shall be prepared in such a manner that no taxpayer will owe a greater amount of tax by using the table than would be owed by performing the calculation under subsections (1) through (3) of this section. A table prepared by the department under this subsection must be used by all taxpayers in taking the credit provided in this section.

PART IV
DEFINITIONS

NEW SECTION. **Sec. 401.** The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Adjusted gross income" means adjusted gross income as determined under the federal internal revenue code.

(2) "Individual" means a natural person.

(3) "Internal revenue code" means the United States internal revenue code of 1986 and amendments thereto, as existing and in effect on January 1, 2010.

(4) "Resident" includes an individual who:

(a) Has resided in this state for the entire tax year; or

(b) Is domiciled in this state unless the individual:

(i) Maintains no permanent place of abode in this state; and

(ii) Does not maintain a permanent place of abode elsewhere; and

(iii) Spends in the aggregate not more than thirty days in the tax year in this state; or

(c) Is not domiciled in this state, but maintains a permanent place of abode in this state and spends in the aggregate more than one hundred eighty-three days of the tax year in this state unless the individual establishes to the satisfaction of the department that the individual is in the state only for temporary or transitory purposes; or

(d) Claims this state as the individual's tax home for federal income tax purposes.

(5) "S corporation" means an S corporation as defined in section 1361 of the internal revenue code.

(6) "Tax" means the tax imposed in this chapter, unless the context requires a different meaning.

(7) "Taxable income" means adjusted gross income as modified under sections 602 and 701 of this act.

(8) "Taxable year" means the taxpayer's taxable year as defined under the internal revenue code.

(9) "Taxpayer" means a person receiving income subject to tax under this chapter.

NEW SECTION. **Sec. 402.** DEFINITION OF TERMS GENERALLY. Except as provided in section 401 of this act and RCW 1.12.080, any term used in this chapter has the same meaning as when used in a comparable context in the internal revenue code.

PART V
DETERMINATION OF EXCISE TAX

NEW SECTION. **Sec. 501.** EXCISE TAX IMPOSED--RATES.

(1) An excise tax is imposed on the receipt of all taxable income of resident individuals and on all individuals deriving income from sources within this state for each taxable year based on the type of return filed and the amount of income in accordance with this section. An excise tax is not imposed on the assets held by a person resulting from income after its receipt, but only upon the receipt itself.

(2) For every married couple filing jointly with his or her spouse and for every surviving spouse, the excise tax is

determined in accordance with the following table:

If taxable income received is:	The tax is:
Not over $400,000	0
Over $400,000 but not over $1,000,000	5.0% of the excess over $400,000
Over $1,000,000.....	$30,000 plus 9.0% of the excess over $1,000,000

(3) For every individual, other than a surviving spouse, who is not a married individual and for every married individual who does not make a single return jointly with his or her spouse, the excise tax is determined in accordance with the following table:

If taxable income received is:	The tax is:
Not over $200,000	0
Over $200,000 but not over $500,000.....	5.0% of the excess over $200,000
Over $500,000.....	$15,000 plus 9.0% of the excess over $500,000

NEW SECTION. **Sec. 502.** CREDIT FOR INCOME TAXES DUE ANOTHER JURISDICTION. (1) A resident individual is allowed a credit against the tax imposed under this chapter for the amount of any income tax imposed by another state or foreign country, or political subdivision of the state or foreign country, on income taxed under this chapter, subject to the following conditions, which must be imposed separately with respect to each taxing jurisdiction:

(a) The credit is allowed only for taxes imposed by the other jurisdiction on net income from sources within that jurisdiction; and

(b) The amount of the credit shall not exceed the smaller of:

(i) The amount of tax paid to the other jurisdiction on net income from sources within the other jurisdiction; or

(ii) The amount of tax due under this chapter before application of credits allowable by this chapter, multiplied by a fraction. The numerator of the fraction is the amount of the taxpayer's adjusted gross income subject to tax in the other jurisdiction. The denominator of the fraction is the taxpayer's total adjusted gross income as modified by this chapter. The fraction may never be greater than one.

(2) If, in lieu of a credit similar to the credit allowed under subsection (1) of this section, the laws of the other taxing jurisdiction contain a provision exempting a resident of this state from liability for the payment of income taxes on income earned for personal services performed in such jurisdiction, then the director is authorized to enter into a reciprocal agreement with such jurisdiction providing a similar tax exemption on income earned for personal services performed in this state.

(3) The amount of the tax credit received by any taxpayer under this section may not exceed the total amount of tax due, and there may be no carryback or carryforward of any unused excess credits.

NEW SECTION. **Sec. 503.** DUAL RESIDENCE. If an individual is regarded as a resident both of this state and another jurisdiction for state personal income tax purposes, the department must reduce the tax on that portion of the taxpayer's income which is subjected to tax in both jurisdictions solely by virtue of dual residence, if the other taxing jurisdiction allows a similar reduction. The reduction must equal the lower of the two taxes applicable to the income taxed twice, multiplied by a fraction. The numerator of the fraction is the tax imposed by this state on the income taxed twice. The denominator of the fraction is the tax imposed by both jurisdictions on the income taxed twice. The fraction must never be greater than one.

NEW SECTION. **Sec. 504.** PARTNERSHIPS AND S CORPORATIONS. (1) Partnerships are not subject to tax under this chapter. Partners are subject to tax under this chapter in their separate or individual capacities on their distributive share.

(2) S corporations are not subject to tax under this chapter. Shareholders of S corporations are subject to tax under this chapter in their separate or individual capacities.

(3) "S corporation income" includes both distributed and undistributed federal taxable income of the S corporation.

PART VI
TAXABLE INCOME MODIFICATION

NEW SECTION. **Sec. 601.** ABSOLUTE TAX THRESHOLD. It is the intent of this act that in no event may excise tax be imposed upon joint adjusted gross income below $400,000 ($200,000 for individuals). No provisions of this chapter may allow the imposition of tax upon joint income below $400,000 ($200,000 for individuals).

NEW SECTION. **Sec. 602.** FEDERAL OBLIGATIONS. From adjusted gross income, deduct, to the extent included in adjusted gross income, income derived from obligations of the United States which this state is prohibited by federal law from subjecting to a net income tax.

PART VII
DIVISION OF INCOME FOR NONRESIDENTS

NEW SECTION. **Sec. 701.** APPORTIONMENT AND ALLOCATION OF INCOME. (1) For resident individuals, all income must be apportioned and allocated to this state.

(2) For nonresident individuals, income derived from sources within this state must be apportioned and allocated to this state.

(3) For purposes of this chapter:

(a) The adjusted gross income of a nonresident derived from sources within this state is the net amount of items of income, gain, loss, and deduction of the nonresident's adjusted gross income that are derived from or connected with sources in this state including any distributive share of partnership income and deductions.

(b) Items of income, gain, loss, and deduction derived from or connected with sources within this state are those items attributable to the ownership or disposition of any interest in real or tangible personal property in this state, and a business, trade, profession, or occupation carried on within this state. The department must issue rules to provide consistency of this section with other excise tax provisions.

(c) Deduction with respect to expenses, capital losses, and net operating losses shall be based solely on income, gains, losses, and deductions derived from or connected with sources in this state but shall otherwise be determined in the same manner as the corresponding federal deduction except as provided in this chapter.

(d) Income from intangible personal property, including annuities, dividends, interest, and gains from the disposition of intangible personal property, constitutes income derived from sources within the state of Washington only to the extent that such income is from property employed in a business, trade, profession, or occupation carried on within this state. However, distributed and undistributed income of an electing S corporation for federal tax purposes derived from or connected with sources within this state is income derived from sources within this state for a nonresident shareholder. A net operating loss of such corporation does constitute a loss or deduction connected with sources within this state for a nonresident shareholder.

(e) Compensation paid by the United States for service in the armed forces of the United States performed in this state by a nonresident does not constitute income derived from sources within this state.

(f) If a business, trade, profession, or occupation is carried on partly within and partly without this state, the determination of net income derived or connected with sources within this state as provided in this section must be made by apportionment and allocation of chapter 82.56 RCW.

PART VIII
WITHHOLDING--ESTIMATED TAX

NEW SECTION. **Sec. 801.** EMPLOYER WITHHOLDING--REQUIREMENTS. (1) Every employer making a payment of wages or salaries earned in this state, regardless of the place where the payment is made, and who is required by the internal revenue code to withhold taxes, must deduct and withhold a tax as prescribed by the department by rule. The rules prescribed must reasonably reflect the annual tax liability of the employee under this chapter. Every employer making such a deduction and withholding must furnish to the employee a record of the amount of tax deducted and withheld from the employee on forms provided by the department.

(2) If the employee is a resident of this state and earns income from personal services entirely performed in another state which imposes an income tax on the income, and the employer withholds income taxes under the laws of the state in which the income is earned, the employer is not required to withhold any tax imposed by this chapter on the income if the laws of the state in which the income is earned allow a similar exemption for its residents who earn income in this state.

NEW SECTION. **Sec. 802.** LIABILITY OF EMPLOYER FOR TAX WITHHELD. Any person required to deduct and withhold the tax imposed by this chapter is liable under section 804 of this act to the department for the payment of the amount deducted and withheld, and is not liable to any other person for the amount of tax deducted and withheld under this chapter or for the act of withholding.

NEW SECTION. **Sec. 803.** CREDIT FOR TAX WITHHELD--HOW CLAIMED. The amount deducted and withheld as tax under sections 801 through 805 of this act during any taxable year is allowed as a credit against the tax imposed for the taxable year by this chapter. If the liability of any individual for taxes, interest, penalties, or other amounts due the state of Washington is less than the total amount of the credit which the individual is entitled to claim under this section, the individual is entitled to a refund from the department in the amount of the excess of the credit over the tax otherwise due. If any individual entitled to claim a credit under this section is not otherwise required by this chapter to file a return, a refund may be obtained in the amount of the credit by filing a return, with applicable sections completed, to claim the refund. No credit or refund is allowed under this section unless the credit or refund is claimed on a return filed for the taxable year for which the amount was deducted and withheld.

NEW SECTION. **Sec. 804.** WITHHOLDING--FAILURE TO PAY OR COLLECT--PENALTIES. (1) The tax required by this chapter to be collected by the employer is deemed to be held in trust by the employer until paid to the department.

(2) In case any employer, or a responsible person within the meaning of internal revenue code section 6672, having collected the tax herein imposed, fails to pay it to the department, the employer or responsible person must, nevertheless, be personally liable to the state for the amount of the tax. The interest and penalty provisions of chapter 82.32 RCW apply to this section. An employer or other responsible person who appropriates or converts the tax herein imposed is guilty of a gross misdemeanor as provided in chapter 9A.20 RCW.

(3) In case any employer or responsible person within the meaning of internal revenue code section 6672 fails to collect the tax herein imposed, the employer or responsible person must, nevertheless, be personally liable to the state for the amount of the tax unless it is shown that the failure was due to a reasonable cause and not willful neglect.

NEW SECTION. **Sec. 805.** ESTIMATED TAX IMPOSED--DUE DATE OF ESTIMATED TAXES--AMOUNT OF ESTIMATED TAX--UNDERPAYMENT PENALTY. (1) Each individual subject to taxation by this chapter, who is required by the internal revenue code to make payment of estimated taxes, must pay to the department on forms prescribed by the department the estimated taxes due under this chapter.

(2) The provisions of the internal revenue code relating to the determination of reporting periods and due dates of payments of estimated tax applies to the estimated tax payments due under this section.

(3) The amount of the estimated tax is the annualized tax divided by the number of months in the reporting period. No estimated tax is due if the annualized tax is less than

five hundred dollars. The provisions of RCW 82.32.050 and 82.32.090 apply to underpayments of estimated tax but do not apply to underpayments if the tax remitted to the department is either ninety percent of the tax due as shown on the current year's tax return or one hundred percent of the tax shown on the previous year's tax return.

(4) For purposes of this section, the annualized tax is the taxpayer's projected tax liability for the tax year as computed pursuant to internal revenue code section 6654 and the regulations thereunder.

PART IX
ADMINISTRATIVE PROVISIONS

NEW SECTION. **Sec. 901.** METHOD OF ACCOUNTING. (1) A taxpayer's method of accounting for purposes of the tax imposed under this chapter is the same as the taxpayer's method of accounting for federal income tax purposes. If no method of accounting has been regularly used by a taxpayer for federal income tax purposes or if the method used does not clearly reflect income, tax due under this chapter is computed by a method of accounting which in the opinion of the department fairly reflects income.

(2) If a person's method of accounting is changed for federal income tax purposes, it must be similarly changed for purposes of this chapter.

NEW SECTION. **Sec. 902.** PERSONS REQUIRED TO FILE RETURNS. (1) Only taxpayers with joint income in excess of $400,000 ($200,000 for individuals) are required to file a tax return with the department. The department must utilize such taxpayer's federal tax returns as a primary tool for obtaining taxpayers' information. The department may prescribe a simple supplement of no more than two pages for computing the excise tax owed under this chapter. Each person required to file a return under this chapter must, without assessment, notice, or demand, pay any tax due thereon to the department on or before the date fixed for the filing of the return.

(2) The department may by rule require that certain taxpayers file, on forms prescribed by the department, informational returns for any period. Each person required by rule to file an informational return must, without assessment, notice, or demand, pay any tax due thereon to the department on or before the date fixed for the filing of the informational return.

(3) If an adjustment to a taxpayer's federal return is made by the taxpayer or the internal revenue service, the taxpayer must, within ninety days of the final determination of the adjustment by the internal revenue service or within thirty days of the filing of a federal return adjusted by the taxpayer, file with the department on forms prescribed by the department a corrected return reflecting the adjustments as finally determined. The taxpayer must pay any additional tax due resulting from the finally determined internal revenue service adjustment or a taxpayer adjustment without notice and assessment. Notwithstanding any provision of this chapter or any other title to the contrary, the period of limitation for the collection of the additional tax, interest, and penalty due as a result of an adjustment by the taxpayer or a finally determined internal revenue service adjustment must begin at the later of thirty days following the final determination of the adjustment or the date of the filing of the corrected return.

NEW SECTION. **Sec. 903.** DUE DATE FOR FILING A RETURN--EXTENSIONS--INTEREST AND PENALTIES. The due date of a return required to be filed with the department is the due date of the federal income tax return or informational return for federal income tax purposes. The department must have the authority to grant extensions of times by which returns required to be filed by this chapter may be submitted. The department must also have the authority to grant extensions of time to pay tax with regard to taxes imposed by this chapter. Interest at the rate as specified in RCW 82.32.050 accrues during any extension period and the interest and penalty provisions of chapter 82.32 RCW apply to late payments and deficiencies. Notwithstanding the limitation of RCW 82.32.090, in the case of the late filing of an informational return, there is imposed a penalty the amount of which is established by the department by rule. The penalty may not exceed fifty dollars per month for a maximum of ten months. RCW 82.32.105 applies to this section.

NEW SECTION. **Sec. 904.** JOINT RETURN. (1) If the federal income tax liabilities of both spouses are determined on a joint federal return for the taxable year, they must file a joint return under this chapter unless one spouse is a resident and the other is a nonresident.

(2) If neither spouse is required to file a federal income tax return for the taxable year, a joint return may be filed under this chapter under the same conditions under which a joint return may be filed for purposes of the federal income tax.

(3) If one spouse is a resident and the other is a nonresident, they must file separate returns under this chapter, unless they elect to determine their tax liabilities under this chapter on a joint return as if they were both residents, and:

(a) Their federal tax liability for the taxable year was determined on a joint federal tax return; or

(b) Neither spouse has filed a federal income tax return for the taxable year and they would be permitted to file a joint federal tax return for the taxable year.

(4) In any case in which a joint return is filed under this section, the liability of the spouses is joint and several, unless the spouse is relieved of liability under section 6013 of the internal revenue code.

(5) The department must take actions and adopt rules, forms, and procedures to implement this act consistently with RCW 26.60.015, notwithstanding any term or provision of this act except section 601.

NEW SECTION. **Sec. 905.** RECORDS--RETURNS. (1) Every taxpayer with joint income in excess of $400,000 ($200,000 for individuals) and all others required to deduct and withhold the tax imposed under this chapter must keep records, render statements, make returns, file reports, and perform other acts as the department requires by rule. Each return must be made under penalty of perjury and on forms prescribed by the department. The department may require other statements and reports be made under penalty of perjury and on forms prescribed by the department. The department may require any taxpayer and any person

required to deduct and withhold the tax imposed under this chapter to furnish to the department a correct copy of any return or document which the taxpayer has filed with the internal revenue service or received from the internal revenue service.

(2) All books and records and other papers and documents required to be kept under this chapter are subject to inspection by the department at all times during business hours of the day.

NEW SECTION. **Sec. 906.** PROVISIONS OF INTERNAL REVENUE CODE CONTROL. (1) To the extent possible without being inconsistent with this chapter, all of the provisions of the internal revenue code relating to the following subjects apply to the taxes imposed under this chapter:

(a) Time of payment of tax deducted and withheld under sections 801 through 805 of this act and this section;

(b) Liability of transferees;

(c) Time and manner of making returns, extensions of time for filing returns, verification of returns, and the time when a return is deemed filed.

(2) The department by rule may provide modifications and exceptions to the provisions listed in subsection (1) of this section, if reasonably necessary to facilitate the prompt, efficient, and equitable collection of tax under this chapter.

NEW SECTION. **Sec. 907.** REFUNDS OF OVERPAYMENTS--OTHER ADMINISTRATIVE PROVISIONS. (1) The department must refund all taxes improperly paid or collected.

(2) The following sections apply to the administration of taxes imposed under this chapter: RCW 82.32.020, 82.32.050, 82.32.060, 82.32.070, 82.32.090, 82.32.100, 82.32.105, 82.32.110, 82.32.120, 82.32.130, 82.32.140, 82.32.150, 82.32.160, 82.32.170, 82.32.180, 82.32.190, 82.32.200, 82.32.210, 82.32.220, 82.32.230, 82.32.235, 82.32.237, 82.32.240, 82.32.245, 82.32.265, 82.32.290, 82.32.300, 82.32.310, 82.32.320, 82.32.330, 82.32.340, 82.32.350, 82.32.360, and 82.32.380.

NEW SECTION. **Sec. 908.** RULES. The department may adopt rules under chapter 34.05 RCW for the administration and enforcement of this chapter, including a phase-in for fiscal year taxpayers. The rules, to the extent possible without being inconsistent with this chapter, must follow the internal revenue code and the regulations and rulings of the United States treasury department with respect to the federal income tax. The department may adopt as a part of these rules any portions of the internal revenue code and treasury department regulations and rulings, in whole or in part.

NEW SECTION. **Sec. 909.** APPEALS. The board of tax appeals shall have jurisdiction over appeals relating to tax deficiencies and refunds, including penalties and interest, pursuant to this chapter. The taxpayer may elect a formal or informal hearing pursuant to RCW 82.03.140.

PART X
MISCELLANEOUS

NEW SECTION. **Sec. 1001.** CONTEXT. In 1932, more than seventy percent of Washington voters approved an income tax initiative and simultaneously cut property taxes in half. The following year, the state supreme court, in an opinion that ultimately relied on United States supreme court cases that have long since been overruled, treated Washington's graduated income tax, as then drafted, as a nonuniform property tax. This threw the state's tax system into confusion and led to Washington's over reliance on high sales taxes and the business and occupations tax. The sales tax is regressive and stunts business growth. The business and occupation tax, which is peculiar to Washington state, discourages investment and encourages many potential employers to take their business elsewhere. The tax established by this initiative is intentionally structured as an excise tax on the receipt of income during a taxable year rather than as a property tax on money as an asset, after it has been received. As an excise tax rather than a property tax, this tax is intended to conform to the legal framework adopted by almost all states, consistent with United States supreme court rulings as they have evolved during the past eight decades. This initiative is also aimed at replicating the voters' 1932 action to reduce property taxes while installing a much fairer tax system overall and providing more stable funding to enable the state to meet its constitutional duty to provide for the education of all children, and to enable the state to better provide for the costs of health care.

NEW SECTION. **Sec. 1002.** SEVERABILITY. The provisions of this initiative are contingent upon the validity of the excise tax in section 501 of this act. Except as to this contingency, the voters intend the provisions of this initiative to be severable such that 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. 1003.** APPLICATION. This chapter and sections 302 and 303 of this act apply to taxes collectible in 2012 and thereafter.

NEW SECTION. **Sec. 1004.** The excise tax rates in section 501 of this act may not be increased for any income level without a majority vote of the legislature and submission of the changes to the people for approval.

NEW SECTION. **Sec. 1005.** CODIFICATION. Sections 101 through 301 and 401 through 1004 of this act constitute a new chapter in Title 82 RCW.

-- END --

Complete Text

Initiative Measure 1100

AN ACT Relating to liquor; amending RCW 43.19.19054, 66.08.020, 66.08.060, 66.20.010, 66.20.160, 66.24.310, 66.24.380, 66.24.540, 66.24.590, 66.28.040, 66.28.060, 66.28.280, 66.44.150, 66.44.160, and 82.08.160; adding a new section to chapter 66.04 RCW; adding new sections to chapter 66.08 RCW; adding a new section to chapter 66.12 RCW; adding a new section to chapter 66.20 RCW; adding new sections to chapter 66.24 RCW; adding a new section to chapter 66.28 RCW; adding a new section to chapter 66.32 RCW; adding new sections to chapter 66.44 RCW; adding a new section to chapter 82.08 RCW; creating a new section; repealing RCW 66.24.145, 66.32.010, 66.28.010, 66.28.170, 66.28.180, 66.28.285, 66.28.290, 66.28.295, 66.28.300, 66.28.305, 66.28.310, 66.28.315, 66.28.320, 66.12.110, 66.12.120, 66.08.026, 66.08.030, 66.08.050, 66.08.070, 66.08.075, 66.08.165, 66.08.166, 66.08.167, 66.08.220, 66.08.235, 66.16.010, 66.16.040, 66.16.041, 66.16.050, 66.16.060, 66.16.070, 66.16.090, 66.16.100, 66.16.110, 66.16.120, 66.24.440, 66.28.045; and providing effective dates.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec. 1.** (1) The people of Washington state desire that the liquor control board focus on its core mission of education and enforcement to protect the health, welfare, and safety of the citizens.

(2) In order to strengthen the agency to more effectively educate the public, combat abuse, collect tax revenue, and enforce state liquor laws, the Washington state liquor control board will stop selling liquor and end its prohibition-era monopoly on selling distilled spirits. The state will license the sale of distilled spirits to strictly regulated vendors who are already proven to be responsible sellers of beer and wine.

(3) This act will improve regulations to prevent abusive and underage drinking, enforce licensing regulations, and collect taxes for the state's general fund.

Sec. 2. RCW 43.19.19054 and 1975-'76 2nd ex.s. c 21 s 7 are each amended to read as follows:

The provisions of RCW 43.19.1905 shall not apply to materials, supplies, and equipment purchased for resale to other than public agencies by state agencies, including educational institutions. ((~~In addition, RCW 43.19.1905 shall not apply to liquor purchased by the state for resale under the provisions of Title 66 RCW.~~))

NEW SECTION. **Sec. 3.** A new section is added to chapter 66.04 RCW to read as follows:

The following definitions apply throughout this title unless the context clearly requires otherwise.

(1) "Authorized representative" includes a person who satisfies RCW 66.04.010(2) (a) and (b) and who acquires ownership of spirits for transportation into and resale in the state of Washington, and which spirits are produced by a distiller in the United States outside of the state of Washington, and who is appointed by the distiller as its authorized representative for marketing and selling its products within the United States in accordance with a written agreement between the authorized representative and such distiller pursuant to this title.

(2) "Spirits distributor" means a person who buys spirits from a domestic distiller, spirits certificate of approval holder, or spirits importer, or who acquires foreign produced spirits from a source outside of the United States, for the purpose of selling the same not in violation of this title, or who represents such distiller as agent.

(3) "Spirits importer" means a person who buys distilled spirits from a distiller outside the state of Washington and imports such spirits into the state for sale or for export.

(4) "Store" includes any liquor store licensed under this title.

Sec. 4. RCW 66.08.020 and 1933 ex.s. c 62 s 5 are each amended to read as follows:

The administration of this title((~~, including the general control, management and supervision of all liquor stores,~~)) shall be vested in the liquor control board, constituted under this title.

NEW SECTION. **Sec. 5.** A new section is added to chapter 66.08 RCW to read as follows:

Administrative expenses of the board shall be appropriated and paid from the liquor revolving fund. These administrative expenses include, but are not limited to: The salaries and expenses of the board and its employees, legal services, pilot projects, annual or other audits, and other general costs of conducting the business of the board. All expenditures and payment of obligations authorized by this section are subject to the allotment requirements of chapter 43.88 RCW.

NEW SECTION. **Sec. 6.** A new section is added to chapter 66.08 RCW to read as follows:

The board has the power to make regulations, in accordance with the provisions of the administrative procedure act, chapter 34.05 RCW, to implement this title. Because the board will no longer be selling liquor, regulations adopted by the board must be to enforce the licensing requirements of this title, the collection of tax on liquor, the prevention of underage drinking of liquor and alcohol abuse, and managing the board and its employees.

NEW SECTION. **Sec. 7.** A new section is added to chapter 66.08 RCW to read as follows:

The board, subject to the provisions of this title and the rules, shall:

(1) Execute, or cause to be executed, all contracts, papers, and documents in the name of the board, under such regulations as the board may fix;

(2) Require bonds from all employees in the discretion of the board and to determine the amount of fidelity bond of each such employee;

(3) Perform service for the state lottery commission to such extent and for such compensation, as may be mutually agreed upon between the board and the commission;

(4) Accept and deposit into the general fund-local account and disperse, subject to appropriation, federal grants or other funds or donations from any source for the purpose of improving public awareness of the health risks associated with alcohol consumption by youth and the abuse of alcohol by adults in Washington. The alcohol awareness program shall cooperate with federal and state agencies, interested

organizations, and individuals to promote alcohol awareness;

(5) Perform all other matters and things to carry out the provisions of this title, and shall have full power to do every act necessary to the conduct of its business. However, the board shall have no authority to regulate the content of spoken language on licensed premises where wine and other liquors are served and where there is not a clear and present danger of disorderly conduct being provoked by such language.

Sec. 8. RCW 66.08.060 and 2005 c 231 s 3 are each amended to read as follows:

(1) The board shall not advertise liquor in any form or through any medium whatsoever.

(2) ((~~In-store liquor merchandising is not advertising for the purposes of this section.~~

~~(3)~~)) The board shall have power to adopt any and all reasonable rules as to the kind, character, and location of advertising of liquor solely for the purpose of and that have a demonstrable effect of reducing underage or abusive consumption.

NEW SECTION. **Sec. 9.** A new section is added to chapter 66.08 RCW to read as follows:

Fees from the issuance of licenses to sell spirits under sections 14, 16 and 17 of this act may be expended only for purposes of the administration and enforcement of liquor licenses and reducing underage or abusive consumption.

NEW SECTION. **Sec. 10.** A new section is added to chapter 66.12 RCW to read as follows:

(1) A person twenty-one years of age or over may bring into the state from without the state, free of tax, for his or her own personal or household use such alcoholic beverages as have been declared and permitted to enter the United States duty free under federal law.

(2) Such entry of alcoholic beverages in excess of two liters of spirits or wine or two hundred eighty-eight ounces of beer per calendar month shall be taxed as would be applicable to the purchase of the same or similar liquor within the state.

NEW SECTION. **Sec. 11.** A new section is added to chapter 66.20 RCW to read as follows:

Any licensee to sell spirits under this title must post in conspicuous places in a number to be determined by the board, within each store that sells spirits, notices in print no less than one inch high warning persons that consumption of alcohol shortly before conception or during pregnancy may cause birth defects, including fetal alcohol syndrome and fetal alcohol effects.

Sec. 12. RCW 66.20.010 and 2008 c 181 s 602 are each amended to read as follows:

Upon application in the prescribed form being made to any employee authorized by the board to issue permits, accompanied by payment of the prescribed fee, and upon the employee being satisfied that the applicant should be granted a permit under this title, the employee shall issue to the applicant under such regulations and at such fee as may be prescribed by the board a permit of the class applied for, as follows:

(1) Where the application is for a special permit by a physician or dentist, or by any person in charge of an institution regularly conducted as a hospital or sanitorium for the care of persons in ill health, or as a home devoted exclusively to the care of aged people, a special liquor purchase permit, except that the governor may waive the requirement for a special liquor purchase permit under this subsection pursuant to an order issued under RCW 43.06.220(2);

(2) Where the application is for a special permit by a person engaged within the state in mechanical or manufacturing business or in scientific pursuits requiring alcohol for use therein, or by any private individual, a special permit to purchase alcohol for the purpose named in the permit, except that the governor may waive the requirement for a special liquor purchase permit under this subsection pursuant to an order issued under RCW 43.06.220(2);

(3) Where the application is for a special permit to consume liquor at a banquet, at a specified date and place, a special permit to purchase liquor for consumption at such banquet, to such applicants as may be fixed by the board;

(4) Where the application is for a special permit to consume liquor on the premises of a business not licensed under this title, a special permit to purchase liquor for consumption thereon for such periods of time and to such applicants as may be fixed by the board;

(5) Where the application is for a special permit by a manufacturer to import or purchase within the state alcohol, malt, and other materials containing alcohol to be used in the manufacture of liquor, or other products, a special permit;

(6) Where the application is for a special permit by a person operating a drug store to purchase liquor at retail prices only, to be thereafter sold by such person on the prescription of a physician, a special liquor purchase permit, except that the governor may waive the requirement for a special liquor purchase permit under this subsection pursuant to an order issued under RCW 43.06.220(2);

(7) Where the application is for a special permit by an authorized representative of a military installation operated by or for any of the armed forces within the geographical boundaries of the state of Washington, a special permit to purchase liquor for use on such military installation at prices to be fixed by the board;

(8) Where the application is for a special permit by a manufacturer, importer, or distributor, or representative thereof, to serve liquor without charge to delegates and guests at a convention of a trade association composed of licensees of the board, when the said liquor is served in a hospitality room or from a booth in a board-approved suppliers' display room at the convention, and when the liquor so served is for consumption in the said hospitality room or display room during the convention, anything in Title 66 RCW to the contrary notwithstanding. Any such ((~~spirituous~~)) liquor shall be purchased from any licensee authorized by the board ((~~or a spirits, beer, and wine restaurant licensee~~)) to sell liquor and any such ((~~beer and wine~~)) liquor shall be subject to the taxes imposed by RCW 66.24.290 and 66.24.210;

(9) Where the application is for a special permit by a manufacturer, importer, or distributor, or representative thereof, to donate liquor for a reception, breakfast, luncheon, or dinner for delegates and guests at a convention of a trade association composed of licensees of the board, when the

liquor so donated is for consumption at the said reception, breakfast, luncheon, or dinner during the convention, anything in Title 66 RCW to the contrary notwithstanding. Any such ((~~spirituous~~)) liquor shall be purchased from any licensee authorized by the board ((~~or a spirits, beer, and wine restaurant licensee~~)) to sell liquor and any such ((~~beer and wine~~)) liquor shall be subject to the taxes imposed by RCW 66.24.290 and 66.24.210;

(10) Where the application is for a special permit by a manufacturer, importer, or distributor, or representative thereof, to donate and/or serve liquor without charge to delegates and guests at an international trade fair, show, or exposition held under the auspices of a federal, state, or local governmental entity or organized and promoted by a nonprofit organization, anything in Title 66 RCW to the contrary notwithstanding. Any such ((~~spirituous~~)) liquor shall be purchased from any licensee authorized by the board to sell liquor and any such ((~~beer or wine~~)) liquor shall be subject to the taxes imposed by RCW 66.24.290 and 66.24.210;

(11) Where the application is for an annual special permit by a person operating a bed and breakfast lodging facility to donate or serve wine or beer without charge to overnight guests of the facility if the wine or beer is for consumption on the premises of the facility. "Bed and breakfast lodging facility," as used in this subsection, means a facility offering from one to eight lodging units and breakfast to travelers and guests.

Sec. 13. RCW 66.20.160 and 2005 c 151 s 8 are each amended to read as follows:

Words and phrases as used in RCW 66.20.160 ((~~to~~)) through 66.20.210, inclusive, ((~~shall~~)) have the following meaning:

((~~"Card of identification" means any one of those cards described in RCW 66.16.040.~~))

(1) "Licensee" means the holder of a retail liquor license issued by the board, and includes any employee or agent of the licensee.

(2) "Store employee" means a person employed in a ((~~state liquor~~)) store to sell liquor.

NEW SECTION. **Sec. 14.** A new section is added to chapter 66.24 RCW to read as follows:

(1) Beginning June 1, 2011, there shall be a general liquor retailer's license to sell spirits, beer, and wine at retail in original containers, not to be consumed on the premises where sold.

(2) The annual fee for the general liquor retailer's license is one thousand dollars.

(3) There shall be a one-time application fee for the general liquor retailer's license of one thousand dollars to be submitted with the application for the license and to be refunded if the application is not granted.

(4) Beginning June 1, 2011, there shall be a general liquor distributor's license to have the privileges of a beer distributor's license and a wine distributor's license and to sell spirits, purchased from licensed Washington distilleries, spirits certificate of approval holders, licensed spirits importers, or suppliers of foreign spirits located outside of the United States, to eligible licensed retailers and other licensed distributors and to export the same from the state. The fee is two thousand dollars per year for each distributing unit.

(5) There shall be a one-time application fee for the general liquor distributor's license of two thousand dollars to be submitted with the application for the license and to be refunded if the application is not granted.

NEW SECTION. **Sec. 15.** A new section is added to chapter 66.24 RCW to read as follows:

(1) Any licensed distillery may also act as a distributor and/or retailer for spirits of its own production without further application or fee. Any distillery operating as a distributor and/or retailer under this subsection shall comply with the applicable laws and rules relating to distributors and/or retailers.

(2) Any licensed distillery may contract distill spirits for, and sell contract distilled spirits to, holders of distillers' or manufacturers' license, including license issued under RCW 66.24.520, or for export.

(3) Any licensed distillery may provide, free of charge, one-half ounce or less samples of spirits of its own production to persons on the premesis of the distillery. The maximum total per person per day is two ounces. Every person who participates in any manner in the services of samples must obtain a class 12 alcohol server permit.

(4) The board shall adopt rules to implement the alcohol server permit requirement and may adopt additional rules to implement this section.

(5) Distilling is an agricultural practice.

NEW SECTION. **Sec. 16.** A new section is added to chapter 66.24 RCW to read as follows:

There shall be a license for spirits distributors to sell spirits, purchased from licensed Washington distilleries, spirits certificate of approval holders, licensed spirits importers, or suppliers of foreign spirits located outside of the United States, to licensed spirits retailers and other spirits distributors and to export the same from the state of Washington with a fee of one thousand dollars per year for each distributing unit.

NEW SECTION. **Sec. 17.** A new section is added to chapter 66.24 RCW to read as follows:

There shall be a license for spirits importers that authorizes the licensee to import spirits purchased from certificate of approval holders into the state of Washington. The licensee may also import from suppliers located outside of the United States spirits manufactured outside the United States.

(1) Spirits importers licensed under this section may sell spirits to licensed spirits distributors or licensed spirits retailers, or export spirits from the state.

(2) Every person, firm, or corporation licensed as a spirits importer shall establish and maintain a principal office within the state at which shall be kept proper records of all spirits imported into the state under this license.

(3) No spirits importer's license shall be granted to a nonresident of the state or to a corporation whose principal place of business is outside the state until such applicant has established a principal office and agent within the state upon which service can be made.

(4) As a requirement for license approval, a spirits importer shall enter into a written agreement with the board to furnish on or before the twentieth day of each month a report under oath, detailing the quantity of spirits sold or delivered to

each licensed spirits distributor. Failure to file such reports may result in the suspension or cancellation of this license.

(5) Spirits imported under this license must conform to the provisions of RCW 66.28.100 and have received label approval from the board. The board shall not certify spirits labeled with names that may be confused with other nonalcoholic beverages whether manufactured or produced from a domestic distiller or imported nor spirits that fail to meet quality standards established by the board.

(6) The license fee shall be one hundred sixty dollars per year.

NEW SECTION. **Sec. 18.** A new section is added to chapter 66.24 RCW to read as follows:

(1) Every person, firm, or corporation holding a license to manufacture spirits within the state of Washington shall, on or before the twentieth day of each month, furnish to the board, on a form to be prescribed by the board, a statement showing the quantity of spirits sold for resale during the preceding calendar month to each spirits distributor within the state of Washington.

(2)(a) A United States distiller or manufacturer of spirits, located outside the state of Washington, must hold a certificate of approval to allow sales and shipment of the certificate of approval holder's spirits to licensed Washington spirits distributors, importers, or retailers. A certificate of approval holder with a direct shipment endorsement may act as a distributor for spirits of its own production.

(b) Authorized representatives must hold a certificate of approval to allow sales and shipment of United States produced spirits to licensed Washington spirits distributors or importers.

(c) Authorized representatives must also hold a certificate of approval to allow sales and shipments of foreign produced spirits to licensed Washington spirits distributors or importers.

(3) The certificate of approval shall not be granted unless and until such distiller or manufacturer of spirits or authorized representative shall have made a written agreement with the board to furnish to the board, on or before the twentieth day of each month, a report under oath, on a form to be prescribed by the board, showing the quantity of spirits sold or delivered to each licensed spirits distributor, importer, or retailer during the preceding month, and shall further have agreed with the board that such distiller of spirits or authorized representative and all general sales corporations or agencies maintained by them, and all of their trade representatives, corporations, and agencies, shall and will faithfully comply with all laws of the state of Washington pertaining to the sale of intoxicating liquors and all rules and regulations of the board. A violation of the terms of this agreement will cause the board to take action to suspend or revoke such certificate.

(4) The fee for the certificate of approval and related endorsements, issued pursuant to the provisions of this title, shall be from time to time established by the board at a level that is sufficient to defray the costs of administering the certificate of approval program. The fee shall be fixed by rule by the board in accordance with the provisions of the administrative procedure act, chapter 34.05 RCW.

(5) Certificate of approval holders are deemed to have consented to the jurisdiction of Washington concerning enforcement of this chapter and all laws and rules related to the sale and shipment of spirits.

Sec. 19. RCW 66.24.310 and 1997 c 321 s 17 are each amended to read as follows:

(1) No person shall canvass for, solicit, receive, or take orders for the purchase or sale of liquor, nor contact any licensees of the board in goodwill activities, unless such person shall be the accredited representative of a person, firm, or corporation holding a certificate of approval issued pursuant to RCW 66.24.270 ((~~or~~)), 66.24.206, or section 18 of this act, a beer distributor's license, a microbrewer's license, a domestic brewer's license, a beer importer's license, a domestic winery license, a wine importer's license, a wine distributor's license, a spirits distributor's license, a distiller's license, or a ((~~wine distributor's~~)) spirits importer's license within the state of Washington, or the accredited representative of a distiller, manufacturer, importer, or distributor of ((~~spirituous liquor~~)) spirits, or foreign produced beer or wine, and shall have applied for and received a representative's license((~~: PROVIDED, HOWEVER, That~~)). However, the provisions of this section shall not apply to drivers who deliver beer ((~~or~~)), wine, or spirits;

(2) Every representative's license issued under this title shall be subject to all conditions and restrictions imposed by this title or by the rules and regulations of the board; the board, for the purpose of maintaining an orderly market, may limit the number of representative's licenses issued for representation of specific classes of eligible employers;

(3) Every application for a representative's license must be approved by a holder of a certificate of approval issued pursuant to RCW 66.24.270 ((~~or~~)), 66.24.206, or section 18 of this act, a licensed beer distributor, a licensed domestic brewer, a licensed beer importer, a licensed microbrewer, a licensed domestic winery, a licensed wine importer, a licensed wine distributor, or by a distiller, manufacturer, importer, or distributor of ((~~spirituous liquor~~)) spirits, or foreign produced beer ((~~or~~)), wine, or spirits, as the rules and regulations of the board shall require;

(4) The fee for a representative's license shall be twenty-five dollars per year((~~;~~

~~(5) An accredited representative of a distiller, manufacturer, importer, or distributor of spirituous liquor may, after he or she has applied for and received a representative's license, contact retail licensees of the board only in goodwill activities pertaining to spirituous liquor products~~)).

Sec. 20. RCW 66.24.380 and 2005 c 151 s 10 are each amended to read as follows:

There shall be a retailer's license to be designated as a special occasion license to be issued to a not-for-profit society or organization to sell spirits, beer, and wine by the individual serving for on-premises consumption at a specified event, such as at picnics or other special occasions, at a specified date and place; fee sixty dollars per day.

(1) The not-for-profit society or organization is limited to sales of no more than twelve calendar days per year. For the purposes of this subsection, special occasion licensees that are "agricultural area fairs" or "agricultural county, district, and area fairs," as defined by RCW 15.76.120, that receive a special occasion license may, once per calendar year, count as one event fairs that last multiple days, so long as alcohol sales are at set dates, times, and locations, and the board

receives prior notification of the dates, times, and locations. The special occasion license applicant will pay the sixty dollars per day for this event.

(2) The licensee may sell beer and/or wine in original, unopened containers for off-premises consumption if permission is obtained from the board prior to the event.

(3) Sale, service, and consumption of spirits, beer, and wine is to be confined to specified premises or designated areas only.

(4) ((~~Spirituous liquor~~)) Spirits sold under this special occasion license must be purchased at a state liquor store or contract liquor store ((~~without discount~~)) or store licensed by the board at retail prices, including all taxes.

(5) Any violation of this section is a class 1 civil infraction having a maximum penalty of two hundred fifty dollars as provided for in chapter 7.80 RCW.

Sec. 21. RCW 66.24.540 and 1999 c 129 s 1 are each amended to read as follows:

There shall be a retailer's license to be designated as a motel license. The motel license may be issued to a motel regardless of whether it holds any other class of license under this title. No license may be issued to a motel offering rooms to its guests on an hourly basis. The license authorizes the licensee to:

(1) Sell, at retail, in locked honor bars, spirits in individual bottles not to exceed fifty milliliters, beer in individual cans or bottles not to exceed twelve ounces, and wine in individual bottles not to exceed one hundred eighty-seven milliliters, to registered guests of the motel for consumption in guest rooms.

(a) Each honor bar must also contain snack foods. No more than one-half of the guest rooms may have honor bars.

(b) All spirits to be sold under the license must be purchased from the board or from licensees authorized by the board to sell spirits.

(c) The licensee shall require proof of age from the guest renting a guest room and requesting the use of an honor bar. The guest shall also execute an affidavit verifying that no one under twenty-one years of age shall have access to the spirits, beer, and wine in the honor bar.

(2) Provide without additional charge, to overnight guests of the motel, beer and wine by the individual serving for on-premises consumption at a specified regular date, time, and place as may be fixed by the board. Self-service by attendees is prohibited. All beer and wine service must be done by an alcohol server as defined in RCW 66.20.300 and comply with RCW 66.20.310.

The annual fee for a motel license is five hundred dollars.

"Motel" as used in this section means a transient accommodation licensed under chapter 70.62 RCW.

As used in this section, "spirits," "beer," and "wine" have the meanings defined in RCW 66.04.010.

Sec. 22. RCW 66.24.590 and 2008 c 41 s 11 are each amended to read as follows:

(1) There shall be a retailer's license to be designated as a hotel license. No license may be issued to a hotel offering rooms to its guests on an hourly basis. Food service provided for room service, banquets or conferences, or restaurant operation under this license shall meet the requirements of rules adopted by the board.

(2) The hotel license authorizes the licensee to:

(a) Sell ((~~spiritous liquor~~)) spirits, beer, and wine, by the individual glass, at retail, for consumption on the premises, including mixed drinks and cocktails compounded and mixed on the premises;

(b) Sell, at retail, from locked honor bars, in individual units, spirits not to exceed fifty milliliters, beer in individual units not to exceed twelve ounces, and wine in individual bottles not to exceed three hundred eighty-five milliliters, to registered guests of the hotel for consumption in guest rooms. The licensee shall require proof of age from the guest renting a guest room and requesting the use of an honor bar. The guest shall also execute an affidavit verifying that no one under twenty-one years of age shall have access to the spirits, beer, and wine in the honor bar;

(c) Provide without additional charge, to overnight guests, spirits, beer, and wine by the individual serving for on-premises consumption at a specified regular date, time, and place as may be fixed by the board. Self-service by attendees is prohibited;

(d) Sell beer, including strong beer, wine, or spirits, in the manufacturer's sealed container or by the individual drink to guests through room service, or through service to occupants of private residential units which are part of the buildings or complex of buildings that include the hotel;

(e) Sell beer, including strong beer, or wine, in the manufacturer's sealed container at retail sales locations within the hotel premises;

(f) Sell for on or off-premises consumption, including through room service and service to occupants of private residential units managed by the hotel, wine carrying a label exclusive to the hotel license holder;

(g) Place in guest rooms at check-in, a complimentary bottle of spirits, beer, including strong beer, or wine in a manufacturer-sealed container, and make a reference to this service in promotional material.

(3) If all or any facilities for alcoholic beverage service and the preparation, cooking, and serving of food are operated under contract or joint venture agreement, the operator may hold a license separate from the license held by the operator of the hotel. Food and beverage inventory used in separate licensed operations at the hotel may not be shared and shall be separately owned and stored by the separate licensees.

(4) All spirits to be sold under this license must be purchased from licensees authorized by the board to sell spirits.

(5) All on-premise alcoholic beverage service must be done by an alcohol server as defined in RCW 66.20.300 and must comply with RCW 66.20.310.

(6)(a) The hotel license allows the licensee to remove from the liquor stocks at the licensed premises, liquor for sale and service at event locations at a specified date and place not currently licensed by the board. If the event is open to the public, it must be sponsored by a society or organization as defined by RCW 66.24.375. If attendance at the event is limited to members or invited guests of the sponsoring individual, society, or organization, the requirement that the sponsor must be a society or organization as defined by RCW 66.24.375 is waived.

(b) The holder of this license shall, if requested by the board, notify the board or its designee of the date, time,

place, and location of any event. Upon request, the licensee shall provide to the board all necessary or requested information concerning the society or organization that will be holding the function at which the endorsed license will be utilized.

(c) Licensees may cater events on a domestic ((~~winery~~)) liquor manufacturer premises.

(7) The holder of this license or its manager may furnish spirits, beer, or wine to the licensee's employees who are twenty-one years of age or older free of charge as may be required for use in connection with instruction on spirits, beer, and wine. The instruction may include the history, nature, values, and characteristics of spirits, beer, or wine, the use of wine lists, and the methods of presenting, serving, storing, and handling spirits, beer, or wine. The licensee must use the beer or wine it obtains under its license for the sampling as part of the instruction. The instruction must be given on the premises of the licensee.

(8) Minors may be allowed in all areas of the hotel where alcohol may be consumed; however, the consumption must be incidental to the primary use of the area. These areas include, but are not limited to, tennis courts, hotel lobbies, and swimming pool areas. If an area is not a mixed use area, and is primarily used for alcohol service, the area must be designated and restricted to access by minors.

(9) The annual fee for this license is two thousand dollars.

(10) As used in this section, "hotel," "spirits," "beer," and "wine" have the meanings defined in RCW 66.24.410 and 66.04.010.

Sec. 23. RCW 66.28.040 and 2009 c 373 s 8 are each amended to read as follows:

Except as permitted by the board under RCW 66.20.010, no domestic brewery, microbrewery, distributor, distiller, domestic winery, importer, rectifier, certificate of approval holder, or other manufacturer of liquor shall, within the state of Washington, give to any person any liquor; but nothing in this section ((~~nor in RCW 66.28.010~~)) shall prevent a domestic brewery, microbrewery, distributor, domestic winery, distiller, certificate of approval holder, or importer from furnishing samples of beer, wine, or ((~~spirituous liquor~~)) spirits to authorized licensees for the purpose of negotiating a sale, in accordance with regulations adopted by the liquor control board, provided that the samples are subject to taxes imposed by RCW 66.24.290 and 66.24.210((~~, and in the case of spirituous liquor, any product used for samples must be purchased at retail from the board; nothing in this section shall prevent the furnishing of samples of liquor to the board for the purpose of negotiating the sale of liquor to the state liquor control board~~)); nothing in this section shall prevent a domestic brewery, microbrewery, domestic winery, distillery, certificate of approval holder, or distributor from furnishing beer, wine, or ((~~spirituous liquor~~)) spirits for instructional purposes under RCW 66.28.150; nothing in this section shall prevent a domestic winery, certificate of approval holder, or distributor from furnishing wine without charge, subject to the taxes imposed by RCW 66.24.210, to a not-for-profit group organized and operated solely for the purpose of enology or the study of viticulture which has been in existence for at least six months and that uses wine so furnished solely for such educational purposes or a domestic winery, or an out-of-state certificate of approval holder, from furnishing wine without charge or a domestic brewery, or an out-of-state certificate of approval holder, from furnishing beer without charge, subject to the taxes imposed by RCW 66.24.210 or 66.24.290, or a domestic distiller licensed under RCW 66.24.140 or an accredited representative of a distiller, manufacturer, importer, or distributor of ((~~spirituous liquor~~)) spirits licensed under RCW 66.24.310, from furnishing spirits without charge, to a nonprofit charitable corporation or association exempt from taxation under section 501(c)(3) or (6) of the internal revenue code of 1986 (26 U.S.C. Sec. 501(c)(3) or (6)) for use consistent with the purpose or purposes entitling it to such exemption; nothing in this section shall prevent a domestic brewery or microbrewery from serving beer without charge, on the brewery premises; nothing in this section shall prevent donations of wine for the purposes of RCW 66.12.180; nothing in this section shall prevent a domestic winery from serving wine without charge, on the winery premises; and nothing in this section shall prevent a distillery from serving spirits without charge, on the distillery premises subject to ((~~RCW 66.24.145~~)) section 15 of this act.

Sec. 24. RCW 66.28.060 and 2008 c 94 s 7 are each amended to read as follows:

Every distillery licensed under this title shall make monthly reports to the board pursuant to the regulations. No such distillery shall make any sale of spirits within the state of Washington except ((~~to the board and as provided in RCW 66.24.145~~)) as provided in this title.

Sec. 25. RCW 66.28.280 and 2009 c 506 s 1 are each amended to read as follows:

((~~The legislature recognizes that Washington's current three-tier system, where the functions of manufacturing, distributing, and retailing are distinct and the financial relationships and business transactions between entities in these tiers are regulated, is a valuable system for the distribution of beer and wine. The legislature further recognizes that~~)) The historical total prohibition on ownership of an interest in one tier by a person with an ownership interest in another tier, as well as the historical restriction on financial incentives and business relationships between tiers, is unduly restrictive. The ((~~legislature finds the modifications contained in chapter 506, Laws of 2009 are appropriate, because the modifications do~~)) people find that liquor regulations should not impermissibly interfere with the goals of orderly marketing of alcohol in the state, encouraging moderation in consumption of alcohol by the citizens of the state, protecting the public interest and advancing public safety by preventing the use and consumption of alcohol by minors and other abusive consumption, and promoting the efficient collection of taxes by the state.

NEW SECTION. **Sec. 26.** A new section is added to chapter 66.28 RCW to read as follows:

(1) Licensees may not sell spirits below the cost of acquisition or production of such spirits, except in the case of a "close-out" item, if the item to be discontinued has been in inventory for a period of at least six months, and upon the further condition that the licensee who offers such a close-out price shall not restock the item for a period of one year following the first effective date of such close-out price.

(2) No licensed manufacturer, producer, supplier, importer, wholesaler, distributor, authorized representative, certificate

of approval holder, warehouse, or any of its affiliates, subsidiaries, officers, directors, partners, agents, employees, and representatives shall provide and no retailer shall receive branded promotional items which are targeted to or appeal principally to youth. Such items include but are not limited to: Trays, lighters, blotters, postcards, pencils, coasters, menu cards, meal checks, napkins, clocks, mugs, glasses, bottles or can openers, corkscrews, matches, printed recipes, shirts, hats, visors, and other similar items.

NEW SECTION. **Sec. 27.** A new section is added to chapter 66.32 RCW to read as follows:

Except as permitted by the board, no liquor shall be kept or had by any person within this state unless the package in which the liquor was contained had, while containing that liquor, been sealed with the official seal adopted by the board, except (1) liquor manufactured in the state for export, (2) beer, purchased in accordance with the provisions of law, or (3) wine or beer exempted in RCW 66.12.010.

Sec. 28. RCW 66.44.150 and 1955 c 289 s 5 are each amended to read as follows:

If any person in this state buys alcoholic beverages from any person other than the board, a state liquor store, or ((~~some person~~)) a licensee authorized by the board to sell them, he ((~~shall be~~)) or she is guilty of a misdemeanor.

Sec. 29. RCW 66.44.160 and 1955 c 289 s 6 are each amended to read as follows:

Except as otherwise provided in this title, any person who has or keeps or transports alcoholic beverages other than those purchased from the board, a state liquor store, or ((~~some person~~)) a licensee authorized by the board to sell them((~~, shall be~~)) is guilty of a violation of this title.

NEW SECTION. **Sec. 30.** A new section is added to chapter 66.44 RCW to read as follows:

Employees between the ages of eighteen and twenty-one of licensees may stock, merchandise, and handle spirits under the same conditions for handling beer or wine under RCW 66.44.318 and 66.44.340.

NEW SECTION. **Sec. 31.** A new section is added to chapter 66.44 RCW to read as follows:

Nothing in this act is intended to restrict the authority of cities and counties to enact or enforce land use regulations governing where liquor may be sold.

NEW SECTION. **Sec. 32.** A new section is added to chapter 66.44 RCW to read as follows:

(1) Within ninety days of the effective date of this section, the board shall have formulated a plan and begun implementing such plan to terminate the system of state liquor stores and liquor distribution and dispose of assets no longer useful to the board's mission under the terms of this act.

(2) State liquor stores may not sell liquor after December 31, 2011. The state liquor distribution unit may not purchase, or accept for bailment, any liquor after December 31, 2011. Any inventory of unsold liquor which remains after this date shall be returned to the supplier or sold at auction.

(3)(a) As of the effective date of this section, any licensee in good standing who has a beer and/or wine grocery store license or a beer and/or wine specialty store license, and are not restricted from selling strong beer or fortified wine, beginning June 1, 2011, shall be granted an upgrade of their license to a general liquor retail license, to include the sale of spirits, valid until the next renewal date for the existing license upon paying the one-time application fee of one thousand dollars.

(b) As of the effective date of this section, licensees in good standing who have an existing license to distribute liquor as of January 1, 2011, shall be granted a general liquor distributor's license, to include the distribution of spirits, valid until the next renewal date for the existing license upon paying the one-time application fee of two thousand dollars.

(c) As of the effective date of this section, any supplier of spirits to the board and their authorized representatives who meet the other qualifications for a certificate of approval under section 18 of this act as of January 1, 2011, shall be granted a certificate of approval upon payment of a two hundred dollar fee.

(4) As of the effective date of this section, the board shall not renew or extend contracts with existing contract liquor store operators and shall use all lawful means for terminating existing contracts with existing contract liquor store operators. In exchange for relinquishing any rights under contracts to sell liquor, contract liquor store operators in good standing may choose to receive a general liquor retailer's license valid through December 31, 2012, without payment of any fee, and shall be exempt from the application fee upon renewal. The board shall notify existing contract liquor store operators of the choice available under this subsection within thirty days of the effective date of this section and any choice to receive a general liquor retailer's license under this subsection must be made within ninety days of the effective date of this section.

NEW SECTION. **Sec. 33.** A new section is added to chapter 82.08 RCW to read as follows:

There is levied and collected a tax upon each sale of spirits in the original package at the rate of ten percent of the selling price on sales by spirits retailer and distributor licensees to spirits, beer, and wine restaurant licensees.

Sec. 34. RCW 82.08.160 and 1982 1st ex.s. c 35 s 4 are each amended to read as follows:

On or before the twenty-fifth day of each month, all taxes collected under RCW 82.08.150 and section 33 of this act during the preceding month ((~~shall~~)) must be remitted to the ((~~state~~)) department ((~~of revenue~~)), to be deposited with the state treasurer. Upon receipt of such moneys the state treasurer ((~~shall~~)) must credit sixty-five percent of the sums collected and remitted under RCW 82.08.150 (1) and (2) and section 33 of this act and one hundred percent of the sums collected and remitted under RCW 82.08.150 (3) and (4) to the state general fund and thirty-five percent of the sums collected and remitted under RCW 82.08.150 (1) and (2) and section 33 of this act to a fund which is hereby created to be known as the "liquor excise tax fund."

NEW SECTION. **Sec. 35.** The following acts or parts of acts are each repealed:

(1) RCW 66.24.145 (Craft distillery--Sales and samples of spirits) and 2010 c 290 s 2 & 2008 c 94 s 2; and

(2) RCW 66.32.010 (Possession of contraband liquor) and 1955 c 39 s 3.

(3) RCW 66.28.010 (Manufacturers, importers, distributors,

and authorized representatives barred from interest in retail business or location--Advances prohibited--"Financial interest" defined--Exceptions) and 2009 c 373 s 5 & 2008 c 94 s 5;

(4) RCW 66.28.170 (Wine or malt beverage manufacturers--Discrimination in price to purchaser for resale prohibited) and 2004 c 160 s 17, 1997 c 321 s 50, & 1985 c 226 s 3;

(5) RCW 66.28.180 (Price list--Contents--Contracts and memoranda with distributors) and 2009 c 506 s 10, 2006 c 302 s 10, & 2005 c 274 s 327;

(6) RCW 66.28.285 (Three-tier system--Definitions) and 2009 c 506 s 2;

(7) RCW 66.28.290 (Three-tier system--Direct or indirect interests between industry members, affiliates, and retailers) and 2009 c 506 s 3;

(8) RCW 66.28.295 (Three-tier system--Direct or indirect interests--Allowed activities) and 2009 c 506 s 4;

(9) RCW 66.28.300 (Three-tier system--Undue influence--Determination by board) and 2009 c 506 s 5;

(11) RCW 66.28.305 (Three-tier system--Money advances--Prohibition) and 2009 c 506 s 6;

(12)RCW 66.28.310 (Three-tier system--Promotional items) and 2010 c 290 s 3, 2010 c 141 s 2, & 2009 c 506 s 7;

(13)RCW 66.28.315 (Three-tier system--Recordkeeping) and 2009 c 506 s 8;

(14)RCW 66.28.320 (Three-tier system--Rule adoption) and 2009 c 506 s 9; and

(15) RCW 66.32.010 (Possession of contraband liquor) and 1955 c 39 s 3.

NEW SECTION. **Sec. 36.** The following acts or parts of acts are each repealed:

(1) RCW 66.12.110 (Duty-free alcoholic beverages for personal use) and 1999 c 281 s 3 & 1975-'76 2nd ex.s. c 20 s 1; and

(2) RCW 66.12.120 (Bringing alcoholic beverages into state from another state--Payment of markup and tax) and 1995 c 100 s 1 & 1975 1st ex.s. c 173 s 3;

NEW SECTION. **Sec. 37.** The following acts or parts of acts are each repealed:

(1) RCW 66.08.026 (Appropriation and payment of administrative expenses from liquor revolving fund—"Administrative expenses" defined) and 2008 c 67 s 1, 2005 c 151 s 2, 2004 c 63 s 1, 2001 c 313 s 1, 1998 c 265 s 2, 1997 c 148 s 1, 1996 c 291 s 3, 1983 c 160s 2, 1963 c 239 s 1, &1961 ex.s. c 6 s 4;

(2) RCW 66.08.030 (Regulations--Scope) and 2002 c 119 s 2, 1977 ex.s. c 115 s 1, 1971 c 62 s 1, 1943 c 102 s 1, & 1933 ex.s. c 62 s 79;

(3) RCW 66.08.050 (Powers of board in general) and 2005 c 151 s 3, 1997 c 228 s 1, 1993 c 25 s 1, 1986 c 214 s 2, 1983 c 160 s 1, 1975 1st ex.s. c 173 s 1, 1969 ex.s. c 178 s 1, 1963 c 239 s 3, 1935 c 174 s 10, & 1933 ex.s. c 62 s 69;

(4) RCW 66.08.070 (Purchase of liquor by board--Consignment not prohibited--Warranty or affirmation not required for wine or malt purchases) and 1985 c 226 s 2, 1973 1st ex.s. c 209 s 1, & 1933 ex.s. c 62 s 67;

(5) RCW 66.08.075 (Officer, employee not to represent manufacturer, wholesaler in sale to board) and 1937 c 217 s 5;

(6) RCW 66.08.165 (Strategies to improve operational efficiency and revenue) and 2005 c 231 s 1;

(7) RCW 66.08.166 (Sunday sales authorized--Store selection and other requirements) and 2005 c 231 s 2;

(8) RCW 66.08.167 (Sunday sales--Store selection) and 2005 c 231 s 4;

(9) RCW 66.08.220 (Liquor revolving fund--Separate account--Distribution) and 2009 c 271 s 4, 2007 c 370 s 15, 1999 c 281 s 2, & 1949 c 5 s 11;

(10) RCW 66.08.235 (Liquor control board construction and maintenance account) and 2005 c 151 s 4, 2002 c 371 s 918, & 1997 c 75 s 1;

(11) RCW 66.16.010 (Board may establish--Price standards--Prices in special instances) and 2005 c 518 s 935, 2003 1st sp.s. c 25 s 928, 1939 c 172 s 10, 1937 c 62 s 1, & 1933 ex.s. c 62 s 4;

(12) RCW 66.16.040 (Sales of liquor by employees--Identification cards--Permit holders--Sales for cash--Exception) and 2005 c 206 s 1, 2005 c 151 s 5, 2005 c 102 s 1, 2004 c 61 s 1, 1996 c 291 s 1, 1995 c 16 s 1, 1981 1st ex.s. c 5 s 8, 1979 c 158 s 217, 1973 1st ex.s. c 209 s 3, 1971 ex.s. c 15 s 1, 1959 c 111 s 1, & 1933 ex.s. c 62 s 7;

(13) RCW 66.16.041 (Credit and debit card purchases--Rules--Provision, installation, maintenance of equipment by board--Consideration of offsetting liquor revolving fund balance reduction) and 2005 c 151 s 6, 2004 c 63 s 2, 1998 c 265 s 3, 1997 c 148 s 2, & 1996 c 291 s 2;

(14) RCW 66.16.050 (Sale of beer and wine to person licensed to sell) and 1933 ex.s. c 62 s 8;

(15) RCW 66.16.060 (Sealed packages may be required, exception) and 1943 c 216 s 1 & 1933 ex.s. c 62 s 9;

(16) RCW 66.16.070 (Liquor cannot be opened or consumed on store premises) and 1933 ex.s. c 62 s 10;

(17) RCW 66.16.090 (Record of individual purchases confidential--Penalty for disclosure) and 1933 ex.s. c 62 s 89;

(18) RCW 66.16.100 (Fortified wine sales) and 1997 c 321 s 42 & 1987 c 386 s 5;

(19) RCW 66.16.110 (Birth defects from alcohol--Warning required) and 1993 c 422 s 2;

(20) RCW 66.16.120 (Employees working on Sabbath) and 2005 c 231 s 5;

(21) RCW 66.24.440 (Liquor by the drink, spirits, beer, and wine restaurant, spirits, beer, and wine private club, hotel, spirits, beer, and wine nightclub, and sports entertainment facility license--Purchase of liquor by licensees--Discount) and 2009 c 271 s 8, 2007 c 370 s 20, 1998 c 126 s 8, 1997 c 321 s 29, & 1949 c 5 s 5; and

(22) RCW 66.28.045 (Furnishing samples to board--Standards for accountability--Regulations) and 1975 1st ex.s. c 173 s 9;

NEW SECTION. **Sec. 38.** Section 10 and 36 of this act take effect on June 1, 2011.

NEW SECTION. **Sec. 39.** Section 2, 4 through 8 and 37 of this act take effect on December 31, 2011.

NEW SECTION. **Sec. 40.** 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.

-- END --

Complete Text
Initiative Measure 1105

AN ACT Relating to privatizing the sale of spirits; amending RCW 66.08.050, 66.24.310, 66.28.030, 66.28.070, 66.28.180, 66.28.170, 66.28.190, 66.08.020, 66.08.026, 66.08.030, 66.24.145, 66.24.160, 66.28.060, and 66.44.120; reenacting and amending RCW 66.04.010; adding new sections to chapter 66.24 RCW; adding a new section to chapter 66.28 RCW; creating new sections; repealing RCW 66.08.070, 66.08.075, 66.08.160, 66.08.165, 66.08.166, 66.08.167, 66.08.220, 66.08.235, 66.16.010, 66.16.040, 66.16.041, 66.16.050, 66.16.060, 66.16.070, 66.16.100, 66.16.110, 66.16.120, 66.28.045, and 82.08.150; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

PART I
RETAIL SALE OF SPIRITS

NEW SECTION. **Sec. 101.** (1) The people of the state of Washington intend for privatization of spirits retail and distribution to result in a system that is more efficient than public sector retail and distribution of spirits. The people intend, therefore, that the privatization of spirits retail and distribution not result in revenue losses to state or local governments. The people further intend to provide for an orderly transition from the current state control system to a privatized system of spirits retail and distribution.

(2) Persons holding a spirits distributor license may commence sale of spirits on October 1, 2011. Persons holding a spirits retailer license may commence sale of spirits on November 1, 2011. The state of Washington must cease operation of all state liquor stores no later than April 1, 2012. The liquor control board must make a good faith effort to sell all inventory and assets of state liquor stores and distribution centers to buyers no later than April 1, 2012. The liquor control board is directed to take all necessary measures to effect an orderly transition from the current state control system to a privatized system of spirits retail and distribution by April 1, 2012, including, if necessary, a report to the legislature on further necessary legislation, which may include provision for the retraining of any state worker displaced by the privatization of spirits retail or distribution. The liquor control board is further directed to issue a rule, in accordance with the provisions of the administrative procedure act, chapter 34.05 RCW, to govern the sale of spirits to tribes on terms consistent with and no less favorable to tribes than those reflected in WAC 314-37-010.

(3) The people direct the liquor control board to present a report to the legislature by January 1, 2011, on a recommended rate of taxation, to be calculated at a per-liter basis and to be paid by spirits distributors, on all spirits sold to spirits distributors within the state. The liquor control board is directed to recommend a rate of taxation that, along with other spirits-related revenue sources, would project to generate at least the same annual revenue for the state and local jurisdictions as under the current state control system, as well as at least an additional one hundred million dollars in projected revenue net of expenses of operating the business over the entire course of the five-year period commencing November 1, 2011. In recommending a proposed rate of taxation, the liquor control board must consider that there will be other spirits-related revenue including, without limitation: Anticipated business and occupation tax revenue under chapter 82.04 RCW, generated by privatized spirits retail and distribution; the increased taxable spirits inventory base generated by taxing spirits at the distributor level; proceeds from the issuance of spirits retailer licenses and spirits distributor licenses under sections 102 and 103 of this act; and annual spirits license fees.

NEW SECTION. **Sec. 102.** A new section is added to chapter 66.24 RCW to read as follows:

(1) There is a spirits retailer license to sell spirits at retail in original containers, not to be consumed on the premises where sold.

(2) The people of the state of Washington desire to have greater availability of spirits and a more convenient shopping experience than is currently available to them through the present control system. The people also desire to retain a high degree of security and public safety in the handling and sale of all alcoholic beverages.

(a) The liquor control board is hereby directed to develop criteria for the issuance of spirits retailer licenses to applicants who can demonstrate the ability to provide the same level of security and safety as that which the citizens of this state have come to expect from their state-operated retail stores. In considering applicants, emphasis should be placed on inventory management systems, employee training, employee supervision, and physical security of the product.

(b) Notwithstanding (a) of this subsection, the liquor control board is encouraged to, in the exercise of its discretion, make spirits retailer licenses available to existing contract liquor stores who desire to privatize their businesses.

(3) No later than July 1, 2011, the liquor control board is directed to notify all qualifying license applicants so that they may make the necessary preparations to begin sales on or after November 1, 2011.

(4) Each licensee obtaining a spirits retailer license from the liquor control board must agree to pay to the liquor control board, for deposit into the state general fund, an amount equivalent of six percent of the licensee's gross annual spirits sales for a five-year period commencing on the date of the licensee's first sale of spirits. The liquor control board shall establish rules setting forth the frequency and timing of such payments and reporting of sales volume by the licensee.

(5) In addition to the payment set forth in subsection (4) of this section, each licensee must pay an annual license fee. The liquor control board must fix a reasonable annual license fee for the spirits retailer license issued pursuant to the provisions of this title. The liquor control board may, from time to time, make a reasonable adjustment to the annual fee for the spirits retailer license. Any such revision to the annual fee must be fixed by rule by the liquor control board in accordance with the provisions of the administrative procedure act, chapter 34.05 RCW.

NEW SECTION. **Sec. 103.** A new section is added to chapter 66.24 RCW to read as follows:

(1) There is a license for spirits distributors to sell spirits, purchased from manufacturers, distillers, or suppliers, including licensed Washington distilleries, licensed spirits importers, or suppliers of foreign spirits located outside of the United States, to any person holding a license to sell spirits under this chapter including: Spirits retailer license holders; special occasion license holders; interstate common carrier license holders; spirits, beer, and wine restaurant license holders; spirits, beer, and wine private club license holders; hotel license holders; sports entertainment facility license holders; spirits, beer, and wine nightclub license holders; and other spirits distributors and to export the same from the state.

(2) No later than July 1, 2011, the liquor control board is directed to make spirits distributor licenses available to all applicants who have an appointment by or are agents of a spirits manufacturer, spirits distiller, or spirits supplier to distribute products in the state, unless the liquor control board determines that issuance of a license to such applicant is not in the public interest.

(3) Each licensee obtaining a spirits distributor license from the liquor control board must agree to pay to the liquor control board, for deposit into the state general fund, an amount equivalent of one percent of the licensee's gross annual spirits sales for a five-year period commencing on the date of the licensee's first sale of spirits. The liquor control board must establish rules setting forth the frequency and timing of such payments and reporting of sales volume by the licensee.

(4) In addition to the payment set forth in subsection (3) of this section, each licensee must pay an annual license fee. The liquor control board must fix a reasonable annual license fee for the spirits distributor license issued pursuant to the provisions of this title. The liquor control board may, from time to time, make a reasonable adjustment to the annual fee for the spirits distributor license. Any such revision to the annual fee must be fixed by rule by the liquor control board in accordance with the provisions of the administrative procedure act, chapter 34.05 RCW.

(5) The provisions of RCW 19.126.030, 19.126.040, 19.126.050, and 19.126.060 govern the relationship between spirits distributors and suppliers.

(6) Nothing in this section may be construed to allow a distiller subject to licensing under RCW 66.24.140 to obtain a certificate of approval with a direct shipment endorsement or to otherwise act as distributor of its own production.

Sec. 104. RCW 66.08.050 and 2005 c 151 s 3 are each amended to read as follows:

The board, subject to the provisions of this title and the rules, shall:

(1) ((~~Determine the localities within which state liquor stores shall be established throughout the state, and the number and situation of the stores within each locality;~~

~~(2) Appoint in cities and towns and other communities, in which no state liquor store is located, contract liquor stores. In addition, the board may appoint, in its discretion, a manufacturer that also manufactures liquor products other than wine under a license under this title, as a contract liquor store for the purpose of sale of liquor products of its own manufacture on the licensed premises only. Such contract liquor stores shall be authorized to sell liquor under the guidelines provided by law, rule, or contract, and such contract liquor stores shall be subject to such additional rules and regulations consistent with this title as the board may require;~~

~~(3) Establish all necessary warehouses for the storing and bottling, diluting and rectifying of stocks of liquors for the purposes of this title;~~

~~(4) Provide for the leasing for periods not to exceed ten years of all premises required for the conduct of the business; and for remodeling the same, and the procuring of their furnishings, fixtures, and supplies; and for obtaining options of renewal of such leases by the lessee. The terms of such leases in all other respects shall be subject to the direction of the board;~~

~~(5)~~)) Determine the nature, form and capacity of all packages to be used for containing liquor kept for sale under this title;

((~~(6)~~)) (2) Execute or cause to be executed, all contracts, papers, and documents in the name of the board, under such regulations as the board may fix;

((~~(7)~~)) (3) Pay all customs, duties, excises, charges and obligations whatsoever relating to the business of the board;

((~~(8)~~)) (4) Require bonds from all employees in the discretion of the board, and to determine the amount of fidelity bond of each such employee;

((~~(9)~~)) (5) Perform services for the state lottery commission to such extent, and for such compensation, as may be mutually agreed upon between the board and the commission;

((~~(10)~~)) (6) Accept and deposit into the general fund-local account and disburse, subject to appropriation, federal grants or other funds or donations from any source for the purpose of improving public awareness of the health risks associated with alcohol consumption by youth and the abuse of alcohol by adults in Washington state. The board's alcohol awareness program shall cooperate with federal and state agencies, interested organizations, and individuals to effect an active public beverage alcohol awareness program;

((~~(11)~~)) (7) Negotiate agreements at the request of any federally recognized Indian tribe located in the state to replace any liquor tax compact existing on the effective date of this section with an agreement to share amounts equivalent to liquor taxes collected by the state on sales within the reservation for that federally recognized tribe at percentages comparable to the compacts entered into pursuant to RCW 82.36.450;

(8) Perform all other matters and things, whether similar to the foregoing or not, to carry out the provisions of this title, and shall have full power to do each and every act necessary to the conduct of its business, including all buying, selling, preparation and approval of forms, and every other function of the business whatsoever, subject only to audit by the state auditor: PROVIDED, That the board shall have no authority to regulate the content of spoken language on licensed premises where wine and other liquors are served and where there is not a clear and present danger of disorderly conduct

being provoked by such language.

Sec. 105. RCW 66.24.310 and 1997 c 321 s 17 are each amended to read as follows:

(1) No person shall canvass for, solicit, receive, or take orders for the purchase or sale of liquor, nor contact any licensees of the board in goodwill activities, unless such person shall be the accredited representative of a person, firm, or corporation holding a certificate of approval issued pursuant to RCW 66.24.270 or 66.24.206, a beer distributor's license, a microbrewer's license, a domestic brewer's license, a beer importer's license, a domestic winery license, a wine importer's license, or a wine distributor's license within the state of Washington, or the accredited representative of a distiller, manufacturer, importer, or distributor of spirituous liquor, or foreign produced beer or wine, and shall have applied for and received a representative's license((~~: PROVIDED, HOWEVER, That~~)). However, the provisions of this section shall not apply to drivers who deliver spirits, beer, or wine;

(2) Every representative's license issued under this title shall be subject to all conditions and restrictions imposed by this title or by the rules and regulations of the board; the board, for the purpose of maintaining an orderly market, may limit the number of representative's licenses issued for representation of specific classes of eligible employers;

(3) Every application for a representative's license must be approved by a holder of a certificate of approval issued pursuant to RCW 66.24.270 or 66.24.206, a licensed beer distributor, a licensed domestic brewer, a licensed beer importer, a licensed microbrewer, a licensed domestic winery, a licensed wine importer, a licensed wine distributor, or by a distiller, manufacturer, liquor importer, or spirits distributor ((~~of spirituous liquor~~)), or foreign produced beer or wine, as the rules and regulations of the board shall require;

(4) The fee for a representative's license shall be twenty-five dollars per year((~~;~~

~~(5) An accredited representative of a distiller, manufacturer, importer, or distributor of spirituous liquor may, after he or she has applied for and received a representative's license, contact retail licensees of the board only in goodwill activities pertaining to spirituous liquor products~~)).

Sec. 106. RCW 66.28.030 and 2004 c 160 s 10 are each amended to read as follows:

Every domestic distillery, brewery and microbrewery, domestic winery, certificate of approval holder, licensed liquor importer, licensed wine importer, and licensed beer importer shall be responsible for the conduct of any licensed spirits, beer, or wine distributor in selling, or contracting to sell, to retail licensees, spirits, beer, or wine manufactured by such domestic distillery, brewery, microbrewery, domestic winery, manufacturer holding a certificate of approval, sold by an authorized representative holding a certificate of approval, or imported by such liquor, beer, or wine importer. Where the board finds that any licensed spirits, beer, or wine distributor has violated any of the provisions of this title or of the regulations of the board in selling or contracting to sell spirits, beer, or wine to retail licensees, the board may, in addition to any punishment inflicted or imposed upon such distributor, prohibit the sale of the brand or brands of spirits, beer, or wine involved in such violation to any or all retail licensees within the trade territory usually served by such distributor for such period of time as the board may fix, irrespective of whether the distiller manufacturing such spirits or the liquor importer importing such spirits, brewer manufacturing such beer, or the beer importer importing such beer, or the domestic winery manufacturing such wine, or the wine importer importing such wine, or the certificate of approval holder manufacturing such spirits, beer, or wine or acting as authorized representative actually participated in such violation.

Sec. 107. RCW 66.28.070 and 2006 c 302 s 8 are each amended to read as follows:

(1) Except as provided in subsection (2) of this section, it shall be unlawful for any retail spirits, beer, or wine licensee to purchase spirits, beer, or wine, except from a duly licensed distributor, domestic winery, domestic brewer, or certificate of approval holder with a direct shipment endorsement((~~, or the board~~)).

(2) A spirits, beer, or wine retailer licensee may purchase spirits, beer, or wine from a government agency which has lawfully seized spirits, beer, or wine from a licensed spirits, beer, or wine retailer, or from a board-authorized retailer, or from a licensed retailer which has discontinued business if the distributor has refused to accept spirits, beer, or wine from that retailer for return and refund. Spirits, beer, and wine purchased under this subsection shall meet the quality standards set by its manufacturer.

(3) Special occasion licensees holding a special occasion license may only purchase spirits, beer, or wine from a spirits, beer, or wine retailer duly licensed to sell spirits, beer, or wine for off-premises consumption((~~, the board,~~)) or from a duly licensed spirits, beer, or wine distributor.

Sec. 108. RCW 66.28.180 and 2009 c 506 s 10 are each amended to read as follows:

(1) Spirits, beer, and wine distributors.

(a) Every spirits, beer, or wine distributor shall maintain at its liquor licensed location a price list showing the wholesale prices at which any and all brands of spirits, beer, and wine sold by such spirits, beer, and/or wine distributor shall be sold to retailers within the state.

(b) Each price list shall set forth:

(i) All brands, types, packages, and containers of spirits, beer, or wine offered for sale by such spirits, beer, and/or wine distributor; and

(ii) The wholesale prices thereof to retail licensees, including allowances, if any, for returned empty containers.

(c) No spirits, beer, and/or wine distributor may sell or offer to sell any package or container of spirits, beer, or wine to any retail licensee at a price differing from the price for such package or container as shown in the price list, according to rules adopted by the board.

(d) With the exception of quantity discounts on spirits, quantity discounts are prohibited. No price may be below acquisition cost.

(e) Distributor prices on a "close-out" item shall be allowed if the item to be discontinued has been listed for a period of at least six months, and upon the further condition that the

distributor who offers such a close-out price shall not restock the item for a period of one year following the first effective date of such close-out price.

(f) Any spirits, beer, and/or wine distributor or employee authorized by the distributor-employer may sell spirits, beer, and/or wine at the distributor's listed prices to any annual or special occasion retail licensee upon presentation to the distributor or employee at the time of purchase of a special permit issued by the board to such licensee.

(g) Every annual or special occasion retail licensee, upon purchasing any spirits, beer, and/or wine from a distributor, shall immediately cause such spirits, beer, or wine to be delivered to the licensed premises, and the licensee shall not thereafter permit such spirits, wine, or beer to be disposed of in any manner except as authorized by the license.

(h) Spirits, beer, and wine sold as provided in this section shall be delivered by the distributor or an authorized employee either to the retailer's licensed premises or directly to the retailer at the distributor's licensed premises. When a domestic winery, brewery, microbrewery, or certificate of approval holder with a direct shipping endorsement is acting as a distributor of its own production, a licensed retailer may contract with a common carrier to obtain the product directly from the domestic winery, brewery, microbrewery, or certificate of approval holder with a direct shipping endorsement. A distributor's prices to retail licensees shall be the same at both such places of delivery.

(2) Spirits, beer, and wine suppliers' contracts and memoranda.

(a) Every domestic brewery, microbrewery, domestic winery, certificate of approval holder, and spirits, beer, and/or wine importer offering spirits, beer, and/or wine for sale within the state and any spirits, beer, and/or wine distributor who sells to other spirits, beer, and/or wine distributors shall maintain at its liquor licensed location a price list and a copy of every written contract and a memorandum of every oral agreement which such brewery or winery may have with any spirits, beer, or wine distributor, which contracts or memoranda shall contain:

(i) All advertising, sales and trade allowances, and incentive programs; and

(ii) All commissions, bonuses or gifts, and any and all other discounts or allowances.

(b) Whenever changed or modified, such revised contracts or memoranda shall also be maintained at its liquor licensed location.

(c) Each price list shall set forth all brands, types, packages, and containers of beer or wine offered for sale by such licensed brewery or winery.

(d) Prices of a domestic distillery, brewery, microbrewery, domestic winery, or certificate of approval holder shall be uniform prices to all distributors or retailers on a statewide basis less bona fide allowances for freight differentials. With the exception of quantity discounts on spirits, quantity discounts are prohibited. No price shall be below acquisition/production cost.

(e) A domestic distillery, brewery, microbrewery, domestic winery, certificate of approval holder, spirits, beer, or wine importer, or spirits, beer, or wine distributor acting as a supplier to another distributor must file a distributor appointment with the board that identifies each distributor who is authorized to distribute its products. The distributor appointment must list all brands that each distributor is authorized to distribute. No distributor may offer for sale any products for a supplier unless that supplier has first filed a distributor appointment with the board.

(f) No domestic brewery, microbrewery, domestic winery, or certificate of approval holder may sell or offer to sell any package or container of beer or wine to any distributor at a price differing from the price list for such package or container as shown in the price list of the domestic brewery, microbrewery, domestic winery, or certificate of approval holder and then in effect, according to rules adopted by the board.

Sec. 109. RCW 66.28.170 and 2004 c 160 s 17 are each amended to read as follows:

It is unlawful for a manufacturer of spirits, a manufacturer of wine or malt beverages holding a certificate of approval issued under RCW 66.24.270 or 66.24.206 or the manufacturer's authorized representative, a distillery, a brewery, or a domestic winery to discriminate in price in selling to any purchaser for resale in the state of Washington.

Sec. 110. RCW 66.28.190 and 2003 c 168 s 305 are each amended to read as follows:

((~~RCW 66.28.010 notwithstanding,~~)) (1) Persons licensed under RCW 66.24.200 as wine distributors ((~~and~~)), persons licensed under RCW 66.24.250 as beer distributors, and persons licensed as spirits distributors may sell at wholesale nonliquor food and food ingredients on thirty-day credit terms to persons licensed as retailers under this title, but complete and separate accounting records shall be maintained on all sales of nonliquor food and food ingredients to ensure that such persons are in compliance with ((~~RCW 66.28.010~~)) any applicable laws.

(2) For the purpose of this section, "nonliquor food and food ingredients" includes all food and food ingredients for human consumption as defined in RCW 82.08.0293 as it exists on July 1, 2004.

NEW SECTION. **Sec. 111.** A new section is added to chapter 66.28 RCW to read as follows:

Notwithstanding any other provision of law:

(1) A spirits manufacturer or distiller, whether resident or nonresident, may not possess any interest, direct or indirect, in a spirits distributor license or liquor importer's license, or in any entity that possesses a spirits distributor license or liquor importer's license; and

(2) No spirits retailer licensee may possess any interest, direct or indirect, in a spirits distributor license or liquor importer's license, or in any entity that possesses a spirits distributor license or liquor importer's license.

Sec. 112. RCW 66.04.010 and 2009 c 373 s 1 and 2009 c 271 s 2 are each reenacted and amended to read as follows:

In this title, unless the context otherwise requires:

(1) "Alcohol" is that substance known as ethyl alcohol, hydrated oxide of ethyl, or spirit of wine, which is commonly produced by the fermentation or distillation of grain, starch, molasses, or sugar, or other substances including all dilutions and mixtures of this substance. The term "alcohol"

does not include alcohol in the possession of a manufacturer or distiller of alcohol fuel, as described in RCW 66.12.130, which is intended to be denatured and used as a fuel for use in motor vehicles, farm implements, and machines or implements of husbandry.

(2) "Authorized representative" means a person who:

(a) Is required to have a federal basic permit issued pursuant to the federal alcohol administration act, 27 U.S.C. Sec. 204;

(b) Has its business located in the United States outside of the state of Washington;

(c) Acquires ownership of spirits, beer, or wine for transportation into and resale in the state of Washington; and which spirits, beer, or wine is produced by a distillery, brewery, or winery in the United States outside of the state of Washington; and

(d) Is appointed by the distillery, brewery, or winery referenced in (c) of this subsection as its authorized representative for marketing and selling its products within the United States in accordance with a written agreement between the authorized representative and such distillery, brewery, or winery pursuant to this title.

(3) "Beer" means any malt beverage, flavored malt beverage, or malt liquor as these terms are defined in this chapter.

(4) "Beer distributor" means a person who buys beer from a domestic brewery, microbrewery, beer certificate of approval holder, or beer importers, or who acquires foreign produced beer from a source outside of the United States, for the purpose of selling the same pursuant to this title, or who represents such brewer or brewery as agent.

(5) "Beer importer" means a person or business within Washington who purchases beer from a beer certificate of approval holder or who acquires foreign produced beer from a source outside of the United States for the purpose of selling the same pursuant to this title.

(6) "Board" means the liquor control board, constituted under this title.

(7) "Brewer" or "brewery" means any person engaged in the business of manufacturing beer and malt liquor. Brewer includes a brand owner of malt beverages who holds a brewer's notice with the federal bureau of alcohol, tobacco, and firearms at a location outside the state and whose malt beverage is contract-produced by a licensed in-state brewery, and who may exercise within the state, under a domestic brewery license, only the privileges of storing, selling to licensed beer distributors, and exporting beer from the state.

(8) "Club" means an organization of persons, incorporated or unincorporated, operated solely for fraternal, benevolent, educational, athletic or social purposes, and not for pecuniary gain.

(9) "Confection" means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, dairy products, or flavorings, in the form of bars, drops, or pieces.

(10) "Consume" includes the putting of liquor to any use, whether by drinking or otherwise.

(11) "Contract liquor store" means a business that sells liquor on behalf of the board through a contract with a contract liquor store manager.

(12) "Craft distillery" means a distillery that pays the reduced licensing fee under RCW 66.24.140.

(13) "Dentist" means a practitioner of dentistry duly and regularly licensed and engaged in the practice of his profession within the state pursuant to chapter 18.32 RCW.

(14) "Distiller" means a person engaged in the business of distilling spirits.

(15) "Domestic brewery" means a place where beer and malt liquor are manufactured or produced by a brewer within the state.

(16) "Domestic winery" means a place where wines are manufactured or produced within the state of Washington.

(17) "Drug store" means a place whose principal business is, the sale of drugs, medicines and pharmaceutical preparations and maintains a regular prescription department and employs a registered pharmacist during all hours the drug store is open.

(18) "Druggist" means any person who holds a valid certificate and is a registered pharmacist and is duly and regularly engaged in carrying on the business of pharmaceutical chemistry pursuant to chapter 18.64 RCW.

(19) "Employee" means any person employed by the board.

(20) "Flavored malt beverage" means:

(a) A malt beverage containing six percent or less alcohol by volume to which flavoring or other added nonbeverage ingredients are added that contain distilled spirits of not more than forty-nine percent of the beverage's overall alcohol content; or

(b) A malt beverage containing more than six percent alcohol by volume to which flavoring or other added nonbeverage ingredients are added that contain distilled spirits of not more than one and one-half percent of the beverage's overall alcohol content.

(21) "Fund" means 'liquor revolving fund.'

(22) "Hotel" means buildings, structures, and grounds, having facilities for preparing, cooking, and serving food, that are kept, used, maintained, advertised, or held out to the public to be a place where food is served and sleeping accommodations are offered for pay to transient guests, in which twenty or more rooms are used for the sleeping accommodation of such transient guests. The buildings, structures, and grounds must be located on adjacent property either owned or leased by the same person or persons.

(23) ((~~"Importer" means a person who buys distilled spirits from a distillery outside the state of Washington and imports such spirituous liquor into the state for sale to the board or for export.~~

~~(24)~~)) "Imprisonment" means confinement in the county jail.

((~~(25)~~)) (24) "Liquor" includes the four varieties of liquor herein defined (alcohol, spirits, wine and beer), and all fermented, spirituous, vinous, or malt liquor, or combinations thereof, and mixed liquor, a part of which is fermented, spirituous, vinous or malt liquor, or otherwise intoxicating; and every liquid or solid or semisolid or other substance, patented or not, containing alcohol, spirits, wine or beer, and all drinks or drinkable liquids and all preparations or mixtures capable of human consumption, and any liquid, semisolid, solid, or other substance, which

contains more than one percent of alcohol by weight shall be conclusively deemed to be intoxicating. Liquor does not include confections or food products that contain one percent or less of alcohol by weight.

((~~(26)~~)) (25) "Malt beverage" or "malt liquor" means any beverage such as beer, ale, lager beer, stout, and porter obtained by the alcoholic fermentation of an infusion or decoction of pure hops, or pure extract of hops and pure barley malt or other wholesome grain or cereal in pure water containing not more than eight percent of alcohol by weight, and not less than one-half of one percent of alcohol by volume. For the purposes of this title, any such beverage containing more than eight percent of alcohol by weight shall be referred to as "strong beer."

((~~(27)~~)) (26) "Manufacturer" means a person engaged in the preparation of liquor for sale, in any form whatsoever.

((~~(28)~~)) (27) "Nightclub" means an establishment that provides entertainment and has as its primary source of revenue (a) the sale of alcohol for consumption on the premises, (b) cover charges, or (c) both, and has an occupancy load of one hundred or more.

((~~(29)~~)) (28) "Package" means any container or receptacle used for holding liquor.

((~~(30)~~)) (29) "Passenger vessel" means any boat, ship, vessel, barge, or other floating craft of any kind carrying passengers for compensation.

((~~(31)~~)) (30) "Permit" means a permit for the purchase of liquor under this title.

((~~(32)~~)) (31) "Person" means an individual, copartnership, association, or corporation.

((~~(33)~~)) (32) "Physician" means a medical practitioner duly and regularly licensed and engaged in the practice of his profession within the state pursuant to chapter 18.71 RCW.

((~~(34)~~)) (33) "Prescription" means a memorandum signed by a physician and given by him to a patient for the obtaining of liquor pursuant to this title for medicinal purposes.

((~~(35)~~)) (34) "Public place" includes streets and alleys of incorporated cities and towns; state or county or township highways or roads; buildings and grounds used for school purposes; public dance halls and grounds adjacent thereto; those parts of establishments where beer may be sold under this title, soft drink establishments, public buildings, public meeting halls, lobbies, halls and dining rooms of hotels, restaurants, theatres, stores, garages and filling stations which are open to and are generally used by the public and to which the public is permitted to have unrestricted access; railroad trains, stages, and other public conveyances of all kinds and character, and the depots and waiting rooms used in conjunction therewith which are open to unrestricted use and access by the public; publicly owned bathing beaches, parks, and/or playgrounds; and all other places of like or similar nature to which the general public has unrestricted right of access, and which are generally used by the public.

((~~(36)~~)) (35) "Regulations" means regulations made by the board under the powers conferred by this title.

((~~(37)~~)) (36) "Restaurant" means any establishment provided with special space and accommodations where, in consideration of payment, food, without lodgings, is habitually furnished to the public, not including drug stores and soda fountains.

((~~(38)~~)) (37) "Sale" and "sell" include exchange, barter, and traffic; and also include the selling or supplying or distributing, by any means whatsoever, of liquor, or of any liquid known or described as beer or by any name whatever commonly used to describe malt or brewed liquor or of wine, by any person to any person; and also include a sale or selling within the state to a foreign consignee or his agent in the state. "Sale" and "sell" shall not include the giving, at no charge, of a reasonable amount of liquor by a person not licensed by the board to a person not licensed by the board, for personal use only. "Sale" and "sell" also does not include a raffle authorized under RCW 9.46.0315((~~: PROVIDED, That~~)), if the nonprofit organization conducting the raffle has obtained the appropriate permit from the board.

((~~(39)~~)) (38) "Soda fountain" means a place especially equipped with apparatus for the purpose of dispensing soft drinks, whether mixed or otherwise.

((~~(40)~~)) (39) "Spirits" means any beverage which contains alcohol obtained by distillation, except flavored malt beverages, but including wines exceeding twenty-four percent of alcohol by volume.

((~~(41) "Store" means a state liquor store established under this title~~)) (40) "Spirits distributor" means a person who buys spirits from a domestic distiller, manufacturer, supplier, or spirits importer, or who acquires foreign produced spirits from a source outside of the United States, for the purpose of selling the same not in violation of this title, or who represents such distiller as agent.

(41) "Spirits importer" means a person who buys distilled spirits from a distiller outside the state of Washington and imports such spirits into the state for sale or for export.

(42) "Tavern" means any establishment with special space and accommodation for sale by the glass and for consumption on the premises, of beer, as herein defined.

(43)(a) "Wine" means any alcoholic beverage obtained by fermentation of fruits (grapes, berries, apples, et cetera) or other agricultural product containing sugar, to which any saccharine substances may have been added before, during or after fermentation, and containing not more than twenty-four percent of alcohol by volume, including sweet wines fortified with wine spirits, such as port, sherry, muscatel and angelica, not exceeding twenty-four percent of alcohol by volume and not less than one-half of one percent of alcohol by volume. For purposes of this title, any beverage containing no more than fourteen percent of alcohol by volume when bottled or packaged by the manufacturer shall be referred to as "table wine," and any beverage containing alcohol in an amount more than fourteen percent by volume when bottled or packaged by the manufacturer shall be referred to as "fortified wine." However, "fortified wine" shall not include: (i) Wines that are both sealed or capped by cork closure and aged two years or more; and (ii) wines that contain more than fourteen percent alcohol by volume solely as a result of the natural fermentation process and that have not been produced with the addition of wine spirits, brandy, or alcohol.

(b) This subsection shall not be interpreted to require that any wine be labeled with the designation "table wine" or "fortified wine."

(44) "Wine distributor" means a person who buys wine from a domestic winery, wine certificate of approval holder, or wine importer, or who acquires foreign produced wine from a source outside of the United States, for the purpose of selling the same not in violation of this title, or who represents such vintner or winery as agent.

(45) "Wine importer" means a person or business within Washington who purchases wine from a wine certificate of approval holder or who acquires foreign produced wine from a source outside of the United States for the purpose of selling the same pursuant to this title.

(46) "Winery" means a business conducted by any person for the manufacture of wine for sale, other than a domestic winery.

PART II
LIQUOR CONTROL BOARD--REMOVAL FROM RETAIL SALES--TECHNICAL CHANGES

Sec. 201. RCW 66.08.020 and 1933 ex.s. c 62 s 5 are each amended to read as follows:

The administration of this title((~~, including the general control, management and supervision of all liquor stores, shall be~~)) is vested in the liquor control board, constituted under this title.

Sec. 202. RCW 66.08.026 and 2008 c 67 s 1 are each amended to read as follows:

Administrative expenses of the board shall be appropriated and paid from the liquor revolving fund. These administrative expenses shall include, but not be limited to: The salaries and expenses of the board and its employees, ((~~the cost of opening additional state liquor stores and warehouses,~~)) legal services, pilot projects, annual or other audits, and other general costs of conducting the business of the board. ((~~The administrative expenses shall not include costs of liquor and lottery tickets purchased, the cost of transportation and delivery to the point of distribution, the cost of operating, maintaining, relocating, and leasing state liquor stores and warehouses, other costs pertaining to the acquisition and receipt of liquor and lottery tickets, agency commissions for contract liquor stores, transaction fees associated with credit or debit card purchases for liquor in state liquor stores and in contract liquor stores pursuant to RCW 66.16.040 and 66.16.041, sales tax, and those amounts distributed pursuant to RCW 66.08.180, 66.08.190, 66.08.200, 66.08.210 and 66.08.220. Agency commissions for contract liquor stores shall be established by the liquor control board after consultation with and approval by the director of the office of financial management.~~)) All expenditures and payment of obligations authorized by this section are subject to the allotment requirements of chapter 43.88 RCW.

Sec. 203. RCW 66.08.030 and 2002 c 119 s 2 are each amended to read as follows:

(1) For the purpose of carrying into effect the provisions of this title according to their true intent or of supplying any deficiency therein, the board may make such regulations not inconsistent with the spirit of this title as are deemed necessary or advisable. All regulations so made shall be a public record and shall be filed in the office of the code reviser, and thereupon shall have the same force and effect as if incorporated in this title. Such regulations, together with a copy of this title, shall be published in pamphlets and shall be distributed as directed by the board.

(2) Without thereby limiting the generality of the provisions contained in subsection (1) of this section, it is declared that the power of the board to make regulations in the manner set out in that subsection shall extend to

(a) ((~~regulating the equipment and management of stores and warehouses in which state liquor is sold or kept, and prescribing the books and records to be kept therein and the reports to be made thereon to the board;~~

~~(b)~~)) Prescribing the duties of the employees of the board, and regulating their conduct in the discharge of their duties;

((~~(c) governing the purchase of liquor by the state and the furnishing of liquor to stores established under this title;~~

~~(d) determining the classes, varieties, and brands of liquor to be kept for sale at any store;~~

~~(e) prescribing, subject to RCW 66.16.080, the hours during which the state liquor stores shall be kept open for the sale of liquor;~~

~~(f) providing for the issuing and distributing of price lists showing the price to be paid by purchasers for each variety of liquor kept for sale under this title;~~

~~(g)~~)) (b) Prescribing an official seal and official labels and stamps and determining the manner in which they shall be attached to every package of liquor sold or sealed under this title, including the prescribing of different official seals or different official labels for different classes of liquor;

((~~(h) providing for the payment by the board in whole or in part of the carrying charges on liquor shipped by freight or express;~~

~~(i)~~)) (c) Prescribing forms to be used for purposes of this title or the regulations, and the terms and conditions to be contained in permits and licenses issued under this title, and the qualifications for receiving a permit or license issued under this title, including a criminal history record information check. The board may submit the criminal history record information check to the Washington state patrol and to the identification division of the federal bureau of investigation in order that these agencies may search their records for prior arrests and convictions of the individual or individuals who filled out the forms. The board shall require fingerprinting of any applicant whose criminal history record information check is submitted to the federal bureau of investigation;

((~~(j)~~)) (d) Prescribing the fees payable in respect of permits and licenses issued under this title for which no fees are prescribed in this title, and prescribing the fees for anything done or permitted to be done under the regulations;

((~~(k)~~)) (e) Prescribing the kinds and quantities of liquor which may be kept on hand by the holder of a special permit for the purposes named in the permit, regulating the manner in which the same shall be kept and disposed of, and providing for the inspection of the same at any time at the instance of the board;

((~~(l)~~)) (f) Regulating the sale of liquor kept by the holders of licenses which entitle the holder to purchase and keep liquor for sale;

((~~(m)~~)) (g) Prescribing the records of purchases or sales of liquor kept by the holders of licenses, and the reports to be made thereon to the board, and providing for inspection of

the records so kept;

((~~(n)~~)) (h) Prescribing the kinds and quantities of liquor for which a prescription may be given, and the number of prescriptions which may be given to the same patient within a stated period;

((~~(o)~~)) (i) Prescribing the manner of giving and serving notices required by this title or the regulations, where not otherwise provided for in this title;

((~~(p)~~)) (j) Regulating premises in which liquor is kept for export from the state, or from which liquor is exported, prescribing the books and records to be kept therein and the reports to be made thereon to the board, and providing for the inspection of the premises and the books, records and the liquor so kept;

((~~(q)~~)) (k) Prescribing the conditions and qualifications requisite for the obtaining of club licenses and the books and records to be kept and the returns to be made by clubs, prescribing the manner of licensing clubs in any municipality or other locality, and providing for the inspection of clubs;

((~~(r)~~)) (l) Prescribing the conditions, accommodations and qualifications requisite for the obtaining of licenses to sell beer ((~~and~~)), wines, and spirits and regulating the sale of beer ((~~and~~)), wines, and spirits, thereunder;

((~~(s)~~)) (m) Specifying and regulating the time and periods when, and the manner, methods and means by which manufacturers shall deliver liquor within the state; and the time and periods when, and the manner, methods and means by which liquor may lawfully be conveyed or carried within the state;

((~~(t)~~)) (n) Providing for the making of returns by brewers of their sales of beer shipped within the state, or from the state, showing the gross amount of such sales and providing for the inspection of brewers' books and records, and for the checking of the accuracy of any such returns;

((~~(u)~~)) (o) Providing for the making of returns by the wholesalers of beer whose breweries are located beyond the boundaries of the state;

((~~(v)~~)) (p) Providing for the making of returns by any other liquor manufacturers, showing the gross amount of liquor produced or purchased, the amount sold within and exported from the state, and to whom so sold or exported, and providing for the inspection of the premises of any such liquor manufacturers, their books and records, and for the checking of any such return;

((~~(w)~~)) (q) Providing for the giving of fidelity bonds by any or all of the employees of the board((~~: PROVIDED, That~~)). However, the premiums therefor shall be paid by the board;

((~~(x)~~)) (r) Providing for the shipment by mail or common carrier of liquor to any person holding a permit and residing in any unit which has, by election pursuant to this title, prohibited the sale of liquor therein;

((~~(y)~~)) (s) Prescribing methods of manufacture, conditions of sanitation, standards of ingredients, quality and identity of alcoholic beverages manufactured, sold, bottled, or handled by licensees and the board; and conducting from time to time, in the interest of the public health and general welfare, scientific studies and research relating to alcoholic beverages and the use and effect thereof;

((~~(z)~~)) (t) Seizing, confiscating and destroying all alcoholic beverages manufactured, sold or offered for sale within this state which do not conform in all respects to the standards prescribed by this title or the regulations of the board((~~: PROVIDED,~~)). However, nothing ((~~herein contained shall~~)) in this section may be construed as authorizing the liquor board to prescribe, alter, limit or in any way change the present law as to the quantity or percentage of alcohol used in the manufacturing of wine or other alcoholic beverages.

Sec. 204. RCW 66.24.145 and 2010 c 290 s 2 are each amended to read as follows:

(1) Any craft distillery may sell spirits of its own production for consumption off the premises, up to two liters per person per day. ((~~Spirits sold under this subsection must be purchased from the board and sold at the retail price established by the board.~~)) A craft distillery selling spirits under this subsection must comply with the applicable laws and rules relating to retailers.

(2) Any craft distillery may contract distill spirits for, and sell contract distilled spirits to, holders of distillers' or manufacturers' licenses, including licenses issued under RCW 66.24.520, or for export.

(3) Any craft distillery licensed under this section may provide, free of charge, one-half ounce or less samples of spirits of its own production to persons on the premises of the distillery. The maximum total per person per day is two ounces. Every person who participates in any manner in the service of samples must obtain a class 12 alcohol server permit. Spirits used for samples must be purchased from the board.

(4) The board shall adopt rules to implement the alcohol server permit requirement and may adopt additional rules to implement this section.

(5) Distilling is an agricultural practice.

Sec. 205. RCW 66.24.160 and 1981 1st ex.s. c 5 s 30 are each amended to read as follows:

A liquor importer's license may be issued to any qualified person, firm or corporation, entitling the holder thereof to import into the state any liquor other than beer or wine; to store the same within the state, and to sell and export the same from the state; fee six hundred dollars per annum. Such liquor importer's license shall be subject to all conditions and restrictions imposed by this title or by the rules and regulations of the board, and shall be issued only upon such terms and conditions as may be imposed by the board. ((~~No liquor importer's license shall be required in sales to the Washington state liquor control board.~~))

Sec. 206. RCW 66.28.060 and 2008 c 94 s 7 are each amended to read as follows:

Every distillery licensed under this title shall make monthly reports to the board pursuant to the regulations. ((~~No such distillery shall make any sale of spirits within the state of Washington except to the board and as provided in RCW 66.24.145.~~))

Sec. 207. RCW 66.44.120 and 2005 c 151 s 11 are each amended to read as follows:

(1) No person other than an employee of the board shall keep or have in his or her possession any official seal prescribed under this title, unless the same is attached to a package which has been purchased from a ((~~liquor store~~

~~or contract liquor~~)) retail store; nor shall any person keep or have in his or her possession any design in imitation of any official seal prescribed under this title, or calculated to deceive by its resemblance thereto, or any paper upon which any design in imitation thereof, or calculated to deceive as aforesaid, is stamped, engraved, lithographed, printed, or otherwise marked.

(2)(a) Except as provided in (b) of this subsection, every person who willfully violates this section is guilty of a gross misdemeanor and shall be liable on conviction thereof for a first offense to imprisonment in the county jail for a period of not less than three months nor more than six months, without the option of the payment of a fine, and for a second offense, to imprisonment in the county jail for not less than six months nor more than one year, without the option of the payment of a fine.

(b) A third or subsequent offense is a class C felony, punishable by imprisonment in a state correctional facility for not less than one year nor more than two years.

NEW SECTION. **Sec. 208.** The following acts or parts of acts are each repealed:

(1) RCW 66.08.070 (Purchase of liquor by board--Consignment not prohibited--Warranty or affirmation not required for wine or malt purchases) and 1985 c 226 s 2, 1973 1st ex.s. c 209 s 1, & 1933 ex.s. c 62 s 67;

(2) RCW 66.08.075 (Officer, employee not to represent manufacturer, wholesaler in sale to board) and 1937 c 217 s 5;

(3) RCW 66.08.160 (Acquisition of warehouse authorized) and 1947 c 134 s 1;

(4) RCW 66.08.165 (Strategies to improve operational efficiency and revenue) and 2005 c 231 s 1;

(5) RCW 66.08.166 (Sunday sales authorized--Store selection and other requirements) and 2005 c 231 s 2;

(6) RCW 66.08.167 (Sunday sales--Store selection) and 2005 c 231 s 4;

(7) RCW 66.08.220 (Liquor revolving fund--Separate account--Distribution) and 2009 c 271 s 4, 2007 c 370 s 15, 1999 c 281 s 2, & 1949 c 5 s 11;

(8) RCW 66.08.235 (Liquor control board construction and maintenance account) and 2005 c 151 s 4, 2002 c 371 s 918, & 1997 c 75 s 1;

(9) RCW 66.16.010 (Board may establish--Price standards--Prices in special instances) and 2005 c 518 s 935, 2003 1st sp.s. c 25 s 928, 1939 c 172 s 10, 1937 c 62 s 1, & 1933 ex.s. c 62 s 4;

(10) RCW 66.16.040 (Sales of liquor by employees--Identification cards--Permit holders--Sales for cash--Exception) and 2005 c 206 s 1, 2005 c 151 s 5, 2005 c 102 s 1, 2004 c 61 s 1, 1996 c 291 s 1, 1995 c 16 s 1, 1981 1st ex.s. c 5 s 8, 1979 c 158 s 217, 1973 1st ex.s. c 209 s 3, 1971 ex.s. c 15 s 1, 1959 c 111 s 1, & 1933 ex.s. c 62 s 7;

(11) RCW 66.16.041 (Credit and debit card purchases--Rules--Provision, installation, maintenance of equipment by board--Consideration of offsetting liquor revolving fund balance reduction) and 2005 c 151 s 6, 2004 c 63 s 2, 1998 c 265 s 3, 1997 c 148 s 2, & 1996 c 291 s 2;

(12) RCW 66.16.050 (Sale of beer and wine to person licensed to sell) and 1933 ex.s. c 62 s 8;

(13) RCW 66.16.060 (Sealed packages may be required, exception) and 1943 c 216 s 1 & 1933 ex.s. c 62 s 9;

(14) RCW 66.16.070 (Liquor cannot be opened or consumed on store premises) and 1933 ex.s. c 62 s 10;

(15) RCW 66.16.100 (Fortified wine sales) and 1997 c 321 s 42 & 1987 c 386 s 5;

(16) RCW 66.16.110 (Birth defects from alcohol--Warning required) and 1993 c 422 s 2;

(17) RCW 66.16.120 (Employees working on Sabbath) and 2005 c 231 s 5;

(18) RCW 66.28.045 (Furnishing samples to board--Standards for accountability--Regulations) and 1975 1st ex.s. c 173 s 9; and

(19) RCW 82.08.150 (Tax on certain sales of intoxicating liquors--Additional taxes for specific purposes--Collection) and 2009 c 479 s 65, 2005 c 514 s 201, 2003 c 167 s 11, 1998 c 126 s 16, 1997 c 321 s 55, 1994 sp.s. c 7 s 903, 1993 c 492 s 310, 1989 c 271 s 503, 1983 2nd ex.s. c 3 s 12, 1982 1st ex.s. c 35 s 3, 1981 1st ex.s. c 5 s 25, 1973 1st ex.s. c 204 s 1, 1971 ex.s. c 299 s 9, 1969 ex.s. c 21 s 11, 1965 ex.s. c 173 s 16, 1965 c 42 s 1, 1961 ex.s. c 24 s 2, & 1961 c 15 s 82.08.150.

PART III
MISCELLANEOUS PROVISIONS

NEW SECTION. **Sec. 301.** The office of the code reviser must prepare legislation to be introduced during the first session following the 2010 general election that removes all statutory references to the term "state liquor store." The effective date of such legislation must be April 1, 2012.

NEW SECTION. **Sec. 302.** 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. 303.** Nothing in this act shall be construed to affect or diminish the rights of tribes or military installation operated by or for any of the armed forces within the geographical boundaries of the state of Washington with respect to the sale or purchase of spirits. The liquor control board must prepare a report to the legislature by January 1, 2011, on a recommended means to carry out the intent of this section.

NEW SECTION. **Sec. 304.** Sections 201 through 204, 207, and 208 of this act take effect April 1, 2012.

-- END --

Complete Text
Initiative Measure 1107

AN ACT Relating to repealing tax increases on certain processed foods, bottled water, candy, and carbonated beverages enacted by the 2010 legislature; amending RCW 82.04.4266, 82.04.260, 82.04.298, 82.04.440, 82.08.0293, 82.08.0293, 82.12.0293, and 82.12.0293; creating new sections; repealing RCW 82.04.---, 82.08.---, 82.12.---, 82.08.---, 82.12.---, 82.04.---, and 82.--.--- through 82.--.---; and providing a contingent effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

PART I
INTENT

NEW SECTION. **Sec. 101.** The people of the state of Washington in enacting this initiative measure find:

(1) The 2010 legislature adopted legislation that imposed new or higher taxes on many common food and beverage products, increasing the tax burden on Washington consumers and businesses by hundreds of millions of dollars;

(2) Taxes on food and beverages hurt all Washington consumers, and especially hurt lower and middle income taxpayers who can least afford it;

(3) The legislature's tax increases on food and beverages come at a time when Washington residents and businesses already face an economic crisis;

(4) The process the legislature used to increase taxes on food and beverages did not provide adequate public input on or scrutiny of the proposed tax increases;

(5) Washington residents already pay among the highest sales taxes in the country;

(6) The legislature's tax increases on food and beverages hurt Washington food and beverage producers and retail businesses by making their products more costly and less competitive;

(7) The legislature's tax increases on food and beverages will hurt Washington's economy and cause the loss of many local jobs; and

(8) The legislature's tax increases on food and beverages arbitrarily and unfairly impose higher taxes on some food and beverage products but not on others that are similar or essentially the same.

For these reasons, the people repeal the food and beverage taxes imposed by the 2010 legislature.

PART II
REPEAL OF TAX INCREASES ON FOODS MADE FROM CERTAIN AGRICULTURAL PRODUCTS

NEW SECTION. **Sec. 201.** RCW 82.04.--- and 2010 1st sp.s. c 23 s 502 are each repealed.

Sec. 202. RCW 82.04.4266 and 2010 1st sp.s. c 23 s 504 are each amended to read as follows:

(1) This chapter does not apply to the value of products or the gross proceeds of sales derived from:

(a) Manufacturing fruits or vegetables ((~~products~~)) by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables; or

(b) Selling at wholesale fruits or vegetables ((~~products~~)) manufactured by the seller by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables and sold to purchasers who transport in the ordinary course of business the goods out of this state. A person taking an exemption under this subsection (1)(b) must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state.

(2)((~~(a) "Fruit or vegetable products" means:~~

~~(i) Products comprised exclusively of fruits, vegetables, or both; and~~

~~(ii) Products comprised of fruits, vegetables, or both, and which may also contain water, sugar, salt, seasonings, preservatives, binders, stabilizers, flavorings, yeast, and similar substances. However, the amount of all ingredients contained in the product, other than fruits, vegetables, and water, may not exceed the amount of fruits and vegetables contained in the product measured by weight or volume.~~

~~(b) "Fruit or vegetable products" includes only products that are intended for human consumption as food or animal consumption as feed.~~

~~(3)~~)) A person claiming the exemption provided in this section must file a complete annual survey with the department under RCW 82.32.--- (section 102, chapter 114 (SHB 3066), Laws of 2010).

((~~(4)~~)) (3) This section expires July 1, 2012.

Sec. 203. RCW 82.04.260 and 2010 1st sp.s. c 23 s 506 are each amended to read as follows:

(1) Upon every person engaging within this state in the business of manufacturing:

(a) Wheat into flour, barley into pearl barley, soybeans into soybean oil, canola into canola oil, canola meal, or canola by-products, or sunflower seeds into sunflower oil; as to such persons the amount of tax with respect to such business is equal to the value of the flour, pearl barley, oil, canola meal, or canola by-product manufactured, multiplied by the rate of 0.138 percent;

(b) Beginning July 1, 2012, seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing by that person; or selling manufactured seafood products that remain in a raw, raw frozen, or raw salted state at the completion of the manufacturing, to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured or the gross proceeds derived from such sales, multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(c) Beginning July 1, 2012, dairy products that as of September 20, 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135, including by-products from the manufacturing of the dairy products such as whey and casein; or selling the same to purchasers who transport in the ordinary course of business the goods out of state; as to such persons the tax imposed is equal to the value of the products manufactured or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

(d)((~~(i)~~)) Beginning July 1, 2012, fruits or vegetables

((~~products~~)) by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables, or selling at wholesale fruits or vegetables ((~~products~~)) manufactured by the seller by canning, preserving, freezing, processing, or dehydrating fresh fruits or vegetables and sold to purchasers who transport in the ordinary course of business the goods out of this state; as to such persons the amount of tax with respect to such business is equal to the value of the products manufactured or the gross proceeds derived from such sales multiplied by the rate of 0.138 percent. Sellers must keep and preserve records for the period required by RCW 82.32.070 establishing that the goods were transported by the purchaser in the ordinary course of business out of this state;

((~~(ii) For purposes of this subsection, "fruit or vegetable products" means:~~

~~(A) Products comprised exclusively of fruits, vegetables, or both; or~~

~~(B) Products comprised of fruits, vegetables, or both, and which may also contain water, sugar, salt, seasonings, preservatives, binders, stabilizers, flavorings, yeast, and similar substances. However, the amount of all ingredients contained in the product, other than fruits, vegetables, and water, may not exceed the amount of fruits and vegetables contained in the product measured by weight or volume;~~

~~(iii) "Fruit and vegetable products" includes only products that are intended for human consumption as food or animal consumption as feed;~~))

(e) Until July 1, 2009, alcohol fuel, biodiesel fuel, or biodiesel feedstock, as those terms are defined in RCW 82.29A.135; as to such persons the amount of tax with respect to the business is equal to the value of alcohol fuel, biodiesel fuel, or biodiesel feedstock manufactured, multiplied by the rate of 0.138 percent; and

(f) Wood biomass fuel as defined in RCW 82.29A.135; as to such persons the amount of tax with respect to the business is equal to the value of wood biomass fuel manufactured, multiplied by the rate of 0.138 percent.

(2) Upon every person engaging within this state in the business of splitting or processing dried peas; as to such persons the amount of tax with respect to such business is equal to the value of the peas split or processed, multiplied by the rate of 0.138 percent.

(3) Upon every nonprofit corporation and nonprofit association engaging within this state in research and development, as to such corporations and associations, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

(4) Upon every person engaging within this state in the business of slaughtering, breaking and/or processing perishable meat products and/or selling the same at wholesale only and not at retail; as to such persons the tax imposed is equal to the gross proceeds derived from such sales multiplied by the rate of 0.138 percent.

(5) Upon every person engaging within this state in the business of acting as a travel agent or tour operator; as to such persons the amount of the tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

((~~(5)~~)) (6) Upon every person engaging within this state in business as an international steamship agent, international customs house broker, international freight forwarder, vessel and/or cargo charter broker in foreign commerce, and/or international air cargo agent; as to such persons the amount of the tax with respect to only international activities is equal to the gross income derived from such activities multiplied by the rate of 0.275 percent.

((~~(6)~~)) (7) Upon every person engaging within this state in the business of stevedoring and associated activities pertinent to the movement of goods and commodities in waterborne interstate or foreign commerce; as to such persons the amount of tax with respect to such business is equal to the gross proceeds derived from such activities multiplied by the rate of 0.275 percent. Persons subject to taxation under this subsection are exempt from payment of taxes imposed by chapter 82.16 RCW for that portion of their business subject to taxation under this subsection. Stevedoring and associated activities pertinent to the conduct of goods and commodities in waterborne interstate or foreign commerce are defined as all activities of a labor, service or transportation nature whereby cargo may be loaded or unloaded to or from vessels or barges, passing over, onto or under a wharf, pier, or similar structure; cargo may be moved to a warehouse or similar holding or storage yard or area to await further movement in import or export or may move to a consolidation freight station and be stuffed, unstuffed, containerized, separated or otherwise segregated or aggregated for delivery or loaded on any mode of transportation for delivery to its consignee. Specific activities included in this definition are: Wharfage, handling, loading, unloading, moving of cargo to a convenient place of delivery to the consignee or a convenient place for further movement to export mode; documentation services in connection with the receipt, delivery, checking, care, custody and control of cargo required in the transfer of cargo; imported automobile handling prior to delivery to consignee; terminal stevedoring and incidental vessel services, including but not limited to plugging and unplugging refrigerator service to containers, trailers, and other refrigerated cargo receptacles, and securing ship hatch covers.

((~~(7)(a)~~)) (8) Upon every person engaging within this state in the business of disposing of low-level waste, as defined in RCW 43.145.010; as to such persons the amount of the tax with respect to such business is equal to the gross income of the business, excluding any fees imposed under chapter 43.200 RCW, multiplied by the rate of 3.3 percent.

((~~(b)~~)) If the gross income of the taxpayer is attributable to activities both within and without this state, the gross income attributable to this state must be determined in accordance with the methods of apportionment required under RCW 82.04.460.

((~~(8)~~)) (9) Upon every person engaging within this state as an insurance producer or title insurance agent licensed under chapter 48.17 RCW or a surplus line broker licensed under chapter 48.15 RCW; as to such persons, the amount of the tax with respect to such licensed activities is equal to the gross income of such business multiplied by the rate of 0.484 percent.

((~~(9)~~)) (10) Upon every person engaging within this state in business as a hospital, as defined in chapter 70.41 RCW, that is operated as a nonprofit corporation or by the state or any of its political subdivisions, as to such persons, the amount of tax with respect to such activities is equal to the gross income of the business multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5 percent thereafter.

((~~(10)~~)) (11)(a) Beginning October 1, 2005, upon every person engaging within this state in the business of manufacturing commercial airplanes, or components of such airplanes, or making sales, at retail or wholesale, of commercial airplanes or components of such airplanes, manufactured by the seller, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured and the gross proceeds of sales of the product manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of:

(i) 0.4235 percent from October 1, 2005, through June 30, 2007; and

(ii) 0.2904 percent beginning July 1, 2007.

(b) Beginning July 1, 2008, upon every person who is not eligible to report under the provisions of (a) of this subsection ((~~(10)~~)) (11) and is engaging within this state in the business of manufacturing tooling specifically designed for use in manufacturing commercial airplanes or components of such airplanes, or making sales, at retail or wholesale, of such tooling manufactured by the seller, as to such persons the amount of tax with respect to such business is, in the case of manufacturers, equal to the value of the product manufactured and the gross proceeds of sales of the product manufactured, or in the case of processors for hire, be equal to the gross income of the business, multiplied by the rate of 0.2904 percent.

(c) For the purposes of this subsection ((~~(10)~~)) (11), "commercial airplane" and "component" have the same meanings as provided in RCW 82.32.550.

(d) In addition to all other requirements under this title, a person reporting under the tax rate provided in this subsection ((~~(10)~~)) (11) must file a complete annual report with the department under RCW 82.32.--- (section 103, chapter 114 (SHB 3066), Laws of 2010).

(e) This subsection ((~~(10)~~)) (11) does not apply on and after July 1, 2024.

((~~(11)~~)) (12)(a) Until July 1, 2024, upon every person engaging within this state in the business of extracting timber or extracting for hire timber; as to such persons the amount of tax with respect to the business is, in the case of extractors, equal to the value of products, including by-products, extracted, or in the case of extractors for hire, equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2024.

(b) Until July 1, 2024, upon every person engaging within this state in the business of manufacturing or processing for hire: (i) Timber into timber products or wood products; or (ii) timber products into other timber products or wood products; as to such persons the amount of the tax with respect to the business is, in the case of manufacturers, equal to the value of products, including by-products, manufactured, or in the case of processors for hire, equal to the gross income of the business, multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2024.

(c) Until July 1, 2024, upon every person engaging within this state in the business of selling at wholesale: (i) Timber extracted by that person; (ii) timber products manufactured by that person from timber or other timber products; or (iii) wood products manufactured by that person from timber or timber products; as to such persons the amount of the tax with respect to the business is equal to the gross proceeds of sales of the timber, timber products, or wood products multiplied by the rate of 0.4235 percent from July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30, 2024.

(d) Until July 1, 2024, upon every person engaging within this state in the business of selling standing timber; as to such persons the amount of the tax with respect to the business is equal to the gross income of the business multiplied by the rate of 0.2904 percent. For purposes of this subsection ((~~(11)~~)) (12)(d), "selling standing timber" means the sale of timber apart from the land, where the buyer is required to sever the timber within thirty months from the date of the original contract, regardless of the method of payment for the timber and whether title to the timber transfers before, upon, or after severance.

(e) For purposes of this subsection, the following definitions apply:

(i) "Biocomposite surface products" means surface material products containing, by weight or volume, more than fifty percent recycled paper and that also use nonpetroleum–based phenolic resin as a bonding agent.

(ii) "Paper and paper products" means products made of interwoven cellulosic fibers held together largely by hydrogen bonding. "Paper and paper products" includes newsprint; office, printing, fine, and pressure-sensitive papers; paper napkins, towels, and toilet tissue; kraft bag, construction, and other kraft industrial papers; paperboard, liquid packaging containers, containerboard, corrugated, and solid-fiber containers including linerboard and corrugated medium; and related types of cellulosic products containing primarily, by weight or volume, cellulosic materials. "Paper and paper products" does not include books, newspapers, magazines, periodicals, and other printed publications, advertising materials, calendars, and similar types of printed materials.

(iii) "Recycled paper" means paper and paper products having fifty percent or more of their fiber content that comes from postconsumer waste. For purposes of this subsection ((~~(11)~~)) (12)(e)(iii), "postconsumer waste" means a finished material that would normally be disposed of as solid waste, having completed its life cycle as a consumer item.

(iv) "Timber" means forest trees, standing or down, on privately or publicly owned land. "Timber" does not include Christmas trees that are cultivated by agricultural methods or short-rotation hardwoods as defined in RCW 84.33.035.

(v) "Timber products" means:

(A) Logs, wood chips, sawdust, wood waste, and similar products obtained wholly from the processing of timber, short-rotation hardwoods as defined in RCW 84.33.035, or both;

(B) Pulp, including market pulp and pulp derived from recovered paper or paper products; and

(C) Recycled paper, but only when used in the manufacture of biocomposite surface products.

(vi) "Wood products" means paper and paper products; dimensional lumber; engineered wood products such as particleboard, oriented strand board, medium density fiberboard, and plywood; wood doors; wood windows; and biocomposite surface products.

(f) Except for small harvesters as defined in RCW 84.33.035, a person reporting under the tax rate provided in this subsection ((~~(11)~~)) (12) must file a complete annual survey with the

department under RCW 82.32.--- (section 102, chapter 114 (SHB 3066), Laws of 2010).

((~~(12)~~)) (13) Upon every person engaging within this state in inspecting, testing, labeling, and storing canned salmon owned by another person, as to such persons, the amount of tax with respect to such activities is equal to the gross income derived from such activities multiplied by the rate of 0.484 percent.

((~~(13)~~)) (14)(a) Upon every person engaging within this state in the business of printing a newspaper, publishing a newspaper, or both, the amount of tax on such business is equal to the gross income of the business multiplied by the rate of 0.2904 percent.

(b) A person reporting under the tax rate provided in this subsection ((~~(13)~~)) (14) must file a complete annual report with the department under RCW 82.32.--- (section 103, chapter 114 (SHB 3066), Laws of 2010).

Sec. 204. RCW 82.04.298 and 2010 1st sp.s. c 23 s 511 are each amended to read as follows:

(1) The amount of tax with respect to a qualified grocery distribution cooperative's sales of groceries or related goods for resale, excluding items subject to tax under RCW ((~~82.04.--- (section 502 of this act)~~)) 82.04.260(4), to customer-owners of the grocery distribution cooperative is equal to the gross proceeds of sales of the grocery distribution cooperative multiplied by the rate of one and one–half percent.

(2) A qualified grocery distribution cooperative is allowed a deduction from the gross proceeds of sales of groceries or related goods for resale, excluding items subject to tax under RCW ((~~82.04.--- (section 502 of this act)~~)) 82.04.260(4), to customer-owners of the grocery distribution cooperative that is equal to the portion of the gross proceeds of sales for resale that represents the actual cost of the merchandise sold by the grocery distribution cooperative to customer-owners.

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

(a) "Grocery distribution cooperative" means an entity that sells groceries and related items to customer-owners of the grocery distribution cooperative and has customer-owners, in the aggregate, who own a majority of the outstanding ownership interests of the grocery distribution cooperative or of the entity controlling the grocery distribution cooperative. "Grocery distribution cooperative" includes an entity that controls a grocery distribution cooperative.

(b) "Qualified grocery distribution cooperative" means:

(i) A grocery distribution cooperative that has been determined by a court of record of the state of Washington to be not engaged in wholesaling or making sales at wholesale, within the meaning of RCW 82.04.270 or any similar provision of a municipal ordinance that imposes a tax on gross receipts, gross proceeds of sales, or gross income, with respect to purchases made by customer-owners, and subsequently changes its form of doing business to make sales at wholesale of groceries or related items to its customer-owners; or

(ii) A grocery distribution cooperative that has acquired substantially all of the assets of a grocery distribution cooperative described in (b)(i) of this subsection.

(c) "Customer-owner" means a person who has an ownership interest in a grocery distribution cooperative and purchases groceries and related items at wholesale from that grocery distribution cooperative.

(d) "Controlling" means holding fifty percent or more of the voting interests of an entity and having at least equal power to direct or cause the direction of the management and policies of the entity, whether through the ownership of voting securities, by contract, or otherwise.

Sec. 205. RCW 82.04.440 and 2010 1st sp.s. c 23 s 513 are each amended to read as follows:

(1) Every person engaged in activities that are subject to tax under two or more provisions of RCW 82.04.230 through 82.04.298, inclusive, is taxable under each provision applicable to those activities.

(2) Persons taxable under RCW 82.04.2909(2), 82.04.250, 82.04.270, 82.04.294(2), or 82.04.260 (1)(b), (c), or (d), ((~~(10), or~~)) (4), (11), or ((~~section 502(2) of this act~~)) (12) with respect to selling products in this state, including those persons who are also taxable under RCW 82.04.261, are allowed a credit against those taxes for any (a) manufacturing taxes paid with respect to the manufacturing of products so sold in this state, and/or (b) extracting taxes paid with respect to the extracting of products so sold in this state or ingredients of products so sold in this state. Extracting taxes taken as credit under subsection (3) of this section may also be taken under this subsection, if otherwise allowable under this subsection. The amount of the credit may not exceed the tax liability arising under this chapter with respect to the sale of those products.

(3) Persons taxable as manufacturers under RCW 82.04.240 or 82.04.260 (1)(b) or ((~~(11)~~)) (12), including those persons who are also taxable under RCW 82.04.261, are allowed a credit against those taxes for any extracting taxes paid with respect to extracting the ingredients of the products so manufactured in this state. The amount of the credit may not exceed the tax liability arising under this chapter with respect to the manufacturing of those products.

(4) Persons taxable under RCW 82.04.230, 82.04.240, 82.04.2909(1), 82.04.294(1), 82.04.2404, or 82.04.260 (1), (2), ((~~(10), or~~)) (4), (11), or ((~~section 502(1) of this act~~)) (12), including those persons who are also taxable under RCW 82.04.261, with respect to extracting or manufacturing products in this state are allowed a credit against those taxes for any (i) gross receipts taxes paid to another state with respect to the sales of the products so extracted or manufactured in this state, (ii) manufacturing taxes paid with respect to the manufacturing of products using ingredients so extracted in this state, or (iii) manufacturing taxes paid with respect to manufacturing activities completed in another state for products so manufactured in this state. The amount of the credit may not exceed the tax liability arising under this chapter with respect to the extraction or manufacturing of those products.

(5) For the purpose of this section:

(a) "Gross receipts tax" means a tax:

(i) Which is imposed on or measured by the gross volume of business, in terms of gross receipts or in other terms, and in the determination of which the deductions allowed would not constitute the tax an income tax or value added tax; and

(ii) Which is also not, pursuant to law or custom, separately stated from the sales price.

(b) "State" means (i) the state of Washington, (ii) a state of the United States other than Washington, or any political subdivision of such other state, (iii) the District of Columbia, and (iv) any foreign country or political subdivision thereof.

(c) "Manufacturing tax" means a gross receipts tax imposed on the act or privilege of engaging in business as a manufacturer, and includes (i) the taxes imposed in RCW 82.04.240, 82.04.2404, 82.04.2909(1), 82.04.260(1), (2),((~~(10),~~

~~and~~)) (4), (11), ((~~section 502(1) of this act~~)) and (12), and 82.04.294(1); (ii) the tax imposed under RCW 82.04.261 on persons who are engaged in business as a manufacturer; and (iii) similar gross receipts taxes paid to other states.

(d) "Extracting tax" means a gross receipts tax imposed on the act or privilege of engaging in business as an extractor, and includes (i) the tax imposed on extractors in RCW 82.04.230 and 82.04.260((~~(11)~~)) (12); (ii) the tax imposed under RCW 82.04.261 on persons who are engaged in business as an extractor; and (iii) similar gross receipts taxes paid to other states.

(e) "Business", "manufacturer", "extractor", and other terms used in this section have the meanings given in RCW 82.04.020 through 82.04.212, notwithstanding the use of those terms in the context of describing taxes imposed by other states.

PART III
REPEAL OF TAX INCREASES ON BOTTLED WATER AND CANDY

Sec. 301. RCW 82.08.0293 and 2010 1st sp.s. c 23 s 902 are each amended to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to sales of food and food ingredients. "Food and food ingredients" means substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. "Food and food ingredients" does not include:

(a) "Alcoholic beverages," which means beverages that are suitable for human consumption and contain one-half of one percent or more of alcohol by volume; and

(b) "Tobacco," which means cigarettes, cigars, chewing or pipe tobacco, or any other item that contains tobacco.

(2) ((~~Until July 1, 2013,~~)) The exemption of "food and food ingredients" provided for in subsection (1) of this section does not apply to prepared food, soft drinks, ((~~bottled water, candy,~~)) or dietary supplements. ((~~Beginning July 1, 2013, the exemption of "food and food ingredients" provided for in subsection (1) of this section does not apply to prepared food, soft drinks, candy, or dietary supplements.~~)) For purposes of this subsection, the following definitions apply:

(a) "Dietary supplement" means any product, other than tobacco, intended to supplement the diet that:

(i) Contains one or more of the following dietary ingredients:

(A) A vitamin;

(B) A mineral;

(C) An herb or other botanical;

(D) An amino acid;

(E) A dietary substance for use by humans to supplement the diet by increasing the total dietary intake; or

(F) A concentrate, metabolite, constituent, extract, or combination of any ingredient described in this subsection;

(ii) Is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form, or if not intended for ingestion in such form, is not represented as conventional food and is not represented for use as a sole item of a meal or of the diet; and

(iii) Is required to be labeled as a dietary supplement, identifiable by the "supplement facts" box found on the label as required pursuant to 21 C.F.R. Sec. 101.36, as amended or renumbered as of January 1, 2003.

(b)(i) "Prepared food" means:

(A) Food sold in a heated state or heated by the seller;

(B) Food sold with eating utensils provided by the seller, including plates, knives, forks, spoons, glasses, cups, napkins, or straws. A plate does not include a container or packaging used to transport the food; or

(C) Two or more food ingredients mixed or combined by the seller for sale as a single item, except:

(I) Food that is only cut, repackaged, or pasteurized by the seller; or

(II) Raw eggs, fish, meat, poultry, and foods containing these raw animal foods requiring cooking by the consumer as recommended by the federal food and drug administration in chapter 3, part 401.11 of The Food Code, published by the food and drug administration, as amended or renumbered as of January 1, 2003, so as to prevent foodborne illness.

(ii) "Prepared food" does not include the following food or food ingredients, if the food or food ingredients are sold without eating utensils provided by the seller:

(A) Food sold by a seller whose proper primary North American industry classification system (NAICS) classification is manufacturing in sector 311, except subsector 3118 (bakeries), as provided in the "North American industry classification system--United States, 2002";

(B) Food sold in an unheated state by weight or volume as a single item; or

(C) Bakery items. The term "bakery items" includes bread, rolls, buns, biscuits, bagels, croissants, pastries, donuts, Danish, cakes, tortes, pies, tarts, muffins, bars, cookies, or tortillas.

(c) "Soft drinks" means nonalcoholic beverages that contain natural or artificial sweeteners. Soft drinks do not include beverages that contain: Milk or milk products; soy, rice, or similar milk substitutes; or greater than fifty percent of vegetable or fruit juice by volume.

((~~(d) "Candy" means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, or other ingredients or flavorings in the form of bars, drops, or pieces. "Candy" does not include any preparation containing flour and does not require refrigeration.~~

~~(e) "Bottled water" means water that is placed in a sealed container or package for human consumption. Bottled water is calorie free and does not contain sweeteners or other additives except that it may contain: (i) Antimicrobial agents; (ii) fluoride; (iii) carbonation; (iv) vitamins, minerals, and electrolytes; (v) oxygen; (vi) preservatives; and (vii) only those flavors, extracts, or essences derived from a spice or fruit. "Bottled water" includes water that is delivered to the buyer in a reusable container that is not sold with the water.~~))

(3) Notwithstanding anything in this section to the contrary, the exemption of "food and food ingredients" provided in this section applies to food and food ingredients that are furnished, prepared, or served as meals:

(a) Under a state administered nutrition program for the aged as provided for in the older Americans act (P.L. 95-478 Title III) and RCW 74.38.040(6);

(b) That are provided to senior citizens, individuals with disabilities, or low-income persons by a not-for-profit organization organized under chapter 24.03 or 24.12 RCW; or

(c) That are provided to residents, sixty-two years of age or older, of a qualified low-income senior housing facility by the lessor or operator of the facility. The sale of a meal that is billed to both spouses of a marital community or both domestic partners of a domestic partnership meets the age requirement in this subsection (3)(c) if at least one of the

spouses or domestic partners is at least sixty-two years of age. For purposes of this subsection, "qualified low-income senior housing facility" means a facility:

(i) That meets the definition of a qualified low-income housing project under 26 U.S.C. Sec. 42 of the federal internal revenue code, as existing on August 1, 2009;

(ii) That has been partially funded under 42 U.S.C. Sec. 1485; and

(iii) For which the lessor or operator has at any time been entitled to claim a federal income tax credit under 26 U.S.C. Sec. 42 of the federal internal revenue code.

(4)(a) Subsection (1) of this section notwithstanding, the retail sale of food and food ingredients is subject to sales tax under RCW 82.08.020 if the food and food ingredients are sold through a vending machine. Except as provided in (b) of this subsection, the selling price of food and food ingredients sold through a vending machine for purposes of RCW 82.08.020 is fifty-seven percent of the gross receipts.

(b) For soft drinks and hot prepared food and food ingredients, other than food and food ingredients which are heated after they have been dispensed from the vending machine, the selling price is the total gross receipts of such sales divided by the sum of one plus the sales tax rate expressed as a decimal.

(c) For tax collected under this subsection (4), the requirements that the tax be collected from the buyer and that the amount of tax be stated as a separate item are waived.

Sec. 302. RCW 82.08.0293 and 2010 1st sp.s. c 35 s 305 are each amended to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to sales of food and food ingredients. "Food and food ingredients" means substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. "Food and food ingredients" does not include:

(a) "Alcoholic beverages," which means beverages that are suitable for human consumption and contain one-half of one percent or more of alcohol by volume; and

(b) "Tobacco," which means cigarettes, cigars, chewing or pipe tobacco, or any other item that contains tobacco.

(2) The exemption of "food and food ingredients" provided for in subsection (1) of this section does not apply to prepared food, soft drinks, ((~~bottled water, candy,~~)) or dietary supplements. For purposes of this subsection, the following definitions apply:

(a) "Dietary supplement" means any product, other than tobacco, intended to supplement the diet that:

(i) Contains one or more of the following dietary ingredients:

(A) A vitamin;

(B) A mineral;

(C) An herb or other botanical;

(D) An amino acid;

(E) A dietary substance for use by humans to supplement the diet by increasing the total dietary intake; or

(F) A concentrate, metabolite, constituent, extract, or combination of any ingredient described in this subsection;

(ii) Is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form, or if not intended for ingestion in such form, is not represented as conventional food and is not represented for use as a sole item of a meal or of the diet; and

(iii) Is required to be labeled as a dietary supplement, identifiable by the "supplement facts" box found on the label as required pursuant to 21 C.F.R. Sec. 101.36, as amended or renumbered as of January 1, 2003.

(b)(i) "Prepared food" means:

(A) Food sold in a heated state or heated by the seller;

(B) Food sold with eating utensils provided by the seller, including plates, knives, forks, spoons, glasses, cups, napkins, or straws. A plate does not include a container or packaging used to transport the food; or

(C) Two or more food ingredients mixed or combined by the seller for sale as a single item, except:

(I) Food that is only cut, repackaged, or pasteurized by the seller; or

(II) Raw eggs, fish, meat, poultry, and foods containing these raw animal foods requiring cooking by the consumer as recommended by the federal food and drug administration in chapter 3, part 401.11 of The Food Code, published by the food and drug administration, as amended or renumbered as of January 1, 2003, so as to prevent foodborne illness.

(ii) "Prepared food" does not include the following food or food ingredients, if the food or food ingredients are sold without eating utensils provided by the seller:

(A) Food sold by a seller whose proper primary North American industry classification system (NAICS) classification is manufacturing in sector 311, except subsector 3118 (bakeries), as provided in the "North American industry classification system--United States, 2002";

(B) Food sold in an unheated state by weight or volume as a single item; or

(C) Bakery items. The term "bakery items" includes bread, rolls, buns, biscuits, bagels, croissants, pastries, donuts, Danish, cakes, tortes, pies, tarts, muffins, bars, cookies, or tortillas.

(c) "Soft drinks" means nonalcoholic beverages that contain natural or artificial sweeteners. Soft drinks do not include beverages that contain: Milk or milk products; soy, rice, or similar milk substitutes; or greater than fifty percent of vegetable or fruit juice by volume.

((~~(d) "Candy" means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, or other ingredients or flavorings in the form of bars, drops, or pieces. "Candy" does not include any preparation containing flour and does not require refrigeration.~~

~~(e) "Bottled water" means water that is placed in a sealed container or package for human consumption. Bottled water is calorie free and does not contain sweeteners or other additives except that it may contain: (i) Antimicrobial agents; (ii) fluoride; (iii) carbonation; (iv) vitamins, minerals, and electrolytes; (v) oxygen; (vi) preservatives; and (vii) only those flavors, extracts, or essences derived from a spice or fruit. "Bottled water" includes water that is delivered to the buyer in a reusable container that is not sold with the water.~~))

(3) Notwithstanding anything in this section to the contrary, the exemption of "food and food ingredients" provided in this section applies to food and food ingredients that are furnished, prepared, or served as meals:

(a) Under a state administered nutrition program for the aged as provided for in the older Americans act (P.L. 95-478 Title III) and RCW 74.38.040(6);

(b) That are provided to senior citizens, individuals with disabilities, or low-income persons by a not-for-profit organization organized under chapter 24.03 or 24.12 RCW; or

(c) That are provided to residents, sixty-two years of age

or older, of a qualified low-income senior housing facility by the lessor or operator of the facility. The sale of a meal that is billed to both spouses of a marital community or both domestic partners of a domestic partnership meets the age requirement in this subsection (3)(c) if at least one of the spouses or domestic partners is at least sixty-two years of age. For purposes of this subsection, "qualified low-income senior housing facility" means a facility:

(i) That meets the definition of a qualified low-income housing project under 26 U.S.C. Sec. 42 of the federal internal revenue code, as existing on August 1, 2009;

(ii) That has been partially funded under 42 U.S.C. Sec. 1485; and

(iii) For which the lessor or operator has at any time been entitled to claim a federal income tax credit under 26 U.S.C. Sec. 42 of the federal internal revenue code.

(4)(a) Subsection (1) of this section notwithstanding, the retail sale of food and food ingredients is subject to sales tax under RCW 82.08.020 if the food and food ingredients are sold through a vending machine. Except as provided in (b) of this subsection, the selling price of food and food ingredients sold through a vending machine for purposes of RCW 82.08.020 is fifty-seven percent of the gross receipts.

(b) For soft drinks and hot prepared food and food ingredients, other than food and food ingredients which are heated after they have been dispensed from the vending machine, the selling price is the total gross receipts of such sales divided by the sum of one plus the sales tax rate expressed as a decimal.

(c) For tax collected under this subsection (4), the requirements that the tax be collected from the buyer and that the amount of tax be stated as a separate item are waived.

Sec. 303. RCW 82.12.0293 and 2010 1st sp.s. c 23 s 903 are each amended to read as follows:

(1) The provisions of this chapter do not apply in respect to the use of food and food ingredients for human consumption. "Food and food ingredients" has the same meaning as in RCW 82.08.0293.

(2) ((~~Until July 1, 2013,~~)) The exemption of "food and food ingredients" provided for in subsection (1) of this section does not apply to prepared food, soft drinks, ((~~bottled water, candy,~~)) or dietary supplements. ((~~Beginning July 1, 2013, the exemption of "food and food ingredients" provided for in subsection (1) of this section does not apply to prepared food, soft drinks, candy, or dietary supplements.~~)) "Prepared food," "soft drinks," and "dietary supplements((,))" ((~~"candy," and "bottled water"~~)) have the same meanings as in RCW 82.08.0293.

(3) Notwithstanding anything in this section to the contrary, the exemption of "food and food ingredients" provided in this section ((~~apply~~)) applies to food and food ingredients which are furnished, prepared, or served as meals:

(a) Under a state administered nutrition program for the aged as provided for in the older Americans act (P.L. 95-478 Title III) and RCW 74.38.040(6);

(b) Which are provided to senior citizens, individuals with disabilities, or low-income persons by a not-for-profit organization organized under chapter 24.03 or 24.12 RCW; or

(c) That are provided to residents, sixty-two years of age or older, of a qualified low-income senior housing facility by the lessor or operator of the facility. The sale of a meal that is billed to both spouses of a marital community or both domestic partners of a domestic partnership meets the age requirement in this subsection (3)(c) if at least one of the spouses or domestic partners is at least sixty-two years of age. For purposes of this subsection, "qualified low-income senior housing facility" has the same meaning as in RCW 82.08.0293.

Sec. 304. RCW 82.12.0293 and 2010 1st sp.s. c 35 s 306 are each amended to read as follows:

(1) The provisions of this chapter do not apply in respect to the use of food and food ingredients for human consumption. "Food and food ingredients" has the same meaning as in RCW 82.08.0293.

(2) The exemption of "food and food ingredients" provided for in subsection (1) of this section does not apply to prepared food, soft drinks, ((~~bottled water, candy,~~)) or dietary supplements. "Prepared food," "soft drinks," and "dietary supplements((,))" ((~~"candy," and "bottled water"~~)) have the same meanings as in RCW 82.08.0293.

(3) Notwithstanding anything in this section to the contrary, the exemption of "food and food ingredients" provided in this section applies to food and food ingredients which are furnished, prepared, or served as meals:

(a) Under a state administered nutrition program for the aged as provided for in the older Americans act (P.L. 95-478 Title III) and RCW 74.38.040(6);

(b) Which are provided to senior citizens, individuals with disabilities, or low-income persons by a not-for-profit organization organized under chapter 24.03 or 24.12 RCW; or

(c) That are provided to residents, sixty-two years of age or older, of a qualified low-income senior housing facility by the lessor or operator of the facility. The sale of a meal that is billed to both spouses of a marital community or both domestic partners of a domestic partnership meets the age requirement in this subsection (3)(c) if at least one of the spouses or domestic partners is at least sixty-two years of age. For purposes of this subsection, "qualified low-income senior housing facility" has the same meaning as in RCW 82.08.0293.

NEW SECTION. **Sec. 305.** The following acts or parts of acts are each repealed:

(1) RCW 82.08.--- and 2010 1st sp.s c 23 s 904;
(2) RCW 82.12.--- and 2010 1st sp.s c 23 s 905;
(3) RCW 82.08.--- and 2010 1st sp.s c 23 s 906;
(4) RCW 82.12.--- and 2010 1st sp.s c 23 s 907; and
(5) RCW 82.04.--- and 2010 1st sp.s c 23 s 908.

PART IV
REPEAL OF TAX INCREASE ON CARBONATED BEVERAGES

NEW SECTION. **Sec. 401.** RCW 82.--.--- through 82.--.--- and 2010 1st sp.s c 23 ss 1401 through 1406 are each repealed.

PART V
MISCELLANEOUS PROVISIONS

NEW SECTION. **Sec. 501.** The provisions of this act are to be construed liberally so as to effectuate its intent.

NEW SECTION. **Sec. 502.** 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. 503.** Sections 302 and 304 of this act take effect on the date that chapter 35, sections 305 and 306, Laws of 2010 (Engrossed House Bill No. 2561) take effect.

-- END --

Complete Text
Referendum Bill 52

AN ACT Relating to creating jobs by funding construction of energy cost saving improvements to public facilities and raising revenue therefor; amending RCW 82.08.0293, 82.12.0293, and 39.94.040; adding a new chapter to Title 43 RCW; creating new sections; making an appropriation; providing a contingent effective date; providing for submission of certain sections of this act to a vote of the people; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

PART I
SHORT TITLE AND INTENT

NEW SECTION. **Sec. 101.** This act may be known and cited as the 12 jobs act.

NEW SECTION. **Sec. 102.** The legislature intends to create jobs in every corner of Washington state by issuing bonds, which will catalyze energy savings and repair work at public schools and state colleges and universities.

It is the intent of the legislature that these investments will create jobs quickly and directly, at a time when the state's residents need jobs. It is the further intent of the legislature that these investments both accelerate innovation in the energy efficiency sector and create locally developed technologies and companies to provide sustainable jobs. The legislature intends to prioritize the use of innovative technologies and facilitate the development of a sustainable innovation cluster that creates and installs highly efficient building technologies and creates jobs.

The legislature intends that these job-creating projects save taxpayers money, with an estimated one hundred twenty-six million dollars saved each year in public schools through reduced energy and operational costs, and improve the health and safety of those buildings. The energy savings are equivalent to the use of an estimated ninety thousand houses. It is also the intent of the legislature that these job-creating projects lead to reduced pollutants, as the weatherization and energy efficiency projects will reduce pollution emissions by an estimated amount equivalent to removing an estimated one hundred thirty thousand cars from the roads each year.

PART II
BOND AUTHORIZATION

NEW SECTION. **Sec. 201.** (1) For the purpose of creating jobs by constructing needed capital improvements to public facilities for energy, utility, and operational cost savings, the state finance committee is authorized to issue general obligation bonds of the state of Washington in the sum of five hundred five million dollars, or so much thereof as may be required, for this purpose and all costs incidental thereto. The bonds issued under the authority of this section are known as jobs act bonds.

(2) Bonds authorized in this section must be sold in the manner, at the time or times, in amounts, and at such prices as the state finance committee determines.

(3) The authorization to issue bonds contained in this chapter does not expire until the full authorization has been issued.

(4) No bonds authorized in this section may be offered for sale without prior legislative appropriation of the net proceeds of the sale of the bonds.

NEW SECTION. **Sec. 202.** (1) The nondebt-limit general fund bond retirement account must be used for the payment of the principal of and interest on the bonds authorized in section 201 of this act.

(2) The state finance committee must, on or before June 30th of each year, certify to the state treasurer the amount needed in the ensuing twelve months to meet the bond retirement and interest requirements on the bonds authorized in section 201 of this act.

(3) On each date on which any interest or principal and interest payment is due on bonds issued for the purposes of section 201 of this act, the state treasurer shall withdraw from any general state revenues received in the state treasury and deposit in the nondebt-limit general fund bond retirement account an amount equal to the amount certified by the state finance committee to be due on the payment date.

NEW SECTION. **Sec. 203.** (1) Bonds issued under this section and sections 201 and 202 of this act must state that they are a general obligation of the state of Washington, must pledge the full faith and credit of the state to the payment of the principal thereof and the interest thereon, and must contain an unconditional promise to pay the principal and interest as the same shall become due.

(2) The owner and holder of each of the bonds or the trustee for the owner and holder of any of the bonds may by mandamus or other appropriate proceeding require the transfer and payment of funds as directed in this section.

PART III
PROGRAM REQUIREMENTS, APPROPRIATIONS, AND REVENUE PROVISIONS

NEW SECTION. **Sec. 301.** (1) The department of commerce, in consultation with the department of general administration and the Washington State University energy program, shall administer the jobs act.

(2) The department of general administration must develop guidelines that are consistent with national and international energy savings performance standards for the implementation of energy savings performance contracting projects by the energy savings performance contractors by December 31, 2010.

(3) The definitions in this section apply throughout this chapter and section 302 of this act unless the context clearly requires otherwise.

(a) "Cost-effectiveness" means that the present value to higher education institutions and school districts of the energy reasonably expected to be saved or produced by a facility, activity, measure, or piece of equipment over its useful life, including any compensation received from a utility or the Bonneville power administration, is greater than the net present value of the costs of implementing, maintaining, and operating such facility, activity, measure, or piece of equipment over its useful life, when discounted at the cost of public borrowing.

(b) "Energy cost savings" means savings realized in expenses for energy use and expenses associated with water, wastewater, or solid waste systems.

(c) "Energy equipment" means energy management systems and any equipment, materials, or supplies that are expected, upon installation, to reduce the energy use or energy cost of an existing building or facility, and the services associated with the equipment, materials, or supplies, including but not limited to design, engineering, financing, installation, project management, guarantees, operations, and maintenance. Reduction in energy use or energy cost may also include reductions in the use or cost of water, wastewater, or solid waste.

(d) "Energy savings performance contracting" means the process authorized by chapter 39.35C RCW by which a company contracts with a public agency to conduct energy audits and guarantee energy savings from energy efficiency.

(e) "Innovative measures" means advanced or emerging technologies, systems, or approaches that may not yet be in common practice but improve energy efficiency, accelerate deployment, or reduce energy usage, and become widely commercially available in the future if proven successful in demonstration programs without compromising the guaranteed performance or measurable energy and operational cost savings anticipated. Examples of innovative measures include, but are not limited to, advanced energy and systems operations monitoring, diagnostics, and controls systems for buildings; novel heating, cooling, ventilation, and water heating systems; advanced windows and insulation technologies, highly efficient lighting technologies, designs, and controls; and integration of renewable energy sources into buildings, and energy savings verification technologies and solutions.

(f) "Operational cost savings" means savings realized from parts, service fees, capital renewal costs, and other measurable annual expenses to maintain and repair systems. This definition does not mean labor savings related to existing facility staff.

(g) "Public facilities" means buildings, building components, and major equipment or systems owned by public school districts and public higher education institutions.

NEW SECTION. **Sec. 302.** (1) Within appropriations specifically provided for the purposes of this chapter, the department of commerce, in consultation with the department of general administration, and the Washington State University energy program shall establish a competitive process to solicit and evaluate applications from public school districts, public higher education institutions, and other state agencies. Final grant awards shall be determined by the department of commerce.

(2) Grants must be awarded in competitive rounds, based on demand and capacity, with at least five percent of each grant round awarded to small public school districts with fewer than one thousand full-time equivalent students, based on demand and capacity.

(3) Within each competitive round, projects must be weighted and prioritized based on the following criteria and in the following order:

(a) Leverage ratio: In each round, the higher the leverage ratio of nonstate funding sources to state jobs act grant, the higher the project ranking.

(b) Energy savings: In each round, the higher the energy savings, the higher the project ranking. Applicants must submit documentation that demonstrates energy and operational cost savings resulting from the installation of the energy equipment and improvements. The energy savings analysis must be performed by a licensed engineer and documentation must include but is not limited to the following:

(i) A description of the energy equipment and improvements;

(ii) A description of the energy and operational cost savings; and

(iii) A description of the extent to which the project employs collaborative and innovative measures and encourages demonstration of new and emerging technologies with high energy savings or energy cost reductions.

(c) Expediency of expenditure: Project readiness to spend funds must be prioritized so that the legislative intent to expend funds quickly is met.

(4) Projects that do not use energy savings performance contracting must: (a) Verify energy and operational cost savings, as defined in section 301 of this act, for ten years or until the energy and operational costs savings pay for the project, whichever is shorter; (b) follow the department of general administration's energy savings performance contracting project guidelines developed pursuant to section 301 of this act; and (c) employ a licensed engineer for the energy audit and construction. The department of commerce may require third-party verification of savings if a project is not implemented by an energy savings performance contractor selected by the department of general administration through the request of qualifications process. Third-party verification must be conducted either by an energy savings performance contractor selected by the department of general administration through a request for qualifications, a licensed engineer specializing in energy conservation, or by a project resource conservation manager or educational service district resource conservation manager.

(5) To intensify competition, the department of commerce may only award funds to the top eighty-five percent of projects applying in a round until the department of commerce determines a final round is appropriate. Projects that do not receive a grant award in one round may reapply in subsequent rounds.

(6) To match federal grants and programs that require state matching funds and produce significantly higher efficiencies in operations and utilities, the level of innovation criteria may be increased for the purposes of weighted scoring to capture those federal dollars for selected projects that require a higher level of innovation and regional collaboration.

(7) Grant amounts awarded to each project must allow for the maximum number of projects funded with the greatest energy and cost benefit.

(8)(a) The department of commerce must use bond proceeds to pay one- half of the preliminary audit, up to five cents per square foot, if the project does not meet the school district's and higher education institution's predetermined cost-effectiveness criteria. School districts and higher education institutions must pay the other one-half of the cost of the preliminary audit if the project does not meet their predetermined cost-effectiveness criteria.

(b) The energy savings performance contractor may not charge for an investment grade audit if the project does not

meet the school district's and higher education institution's predetermined cost-effectiveness criteria. School districts and higher education institutions must pay the full price of an investment grade audit if they do not proceed with a project that meets the school district's and higher education institution's predetermined cost-effectiveness criteria.

(9) The department of commerce may charge projects administrative fees and may pay the department of general administration and the Washington State University energy program administration fees in an amount determined through a memorandum of understanding.

(10) The department of commerce and the department of general administration must submit a joint report to the appropriate committees of the legislature and the office of financial management on the timing and use of the grant funds, program administrative function, compliance with apprenticeship utilization requirements in RCW 39.04.320, compliance with prevailing wage requirements, and administration fees by the end of each fiscal year, until the funds are fully expended and all savings verification requirements are fulfilled.

NEW SECTION. **Sec. 303. FOR THE DEPARTMENT OF COMMERCE--JOBS ACT**

The appropriation in this section is subject to the following conditions and limitations: The appropriation is for fiscal year 2011 and is provided solely for grants to public school districts and public higher education institutions for energy and operational cost savings improvements to public facilities and related projects that result in energy and operational cost savings under the provision and requirements of sections 301 and 302 of this act. Related projects are those projects that must be completed in order for the energy efficiency improvements to be effective.

Appropriation:
Washington Works Account--State $500,000,000
Prior Biennia (Expenditures) $0
Future Biennia (Projected Costs) $0
TOTAL $500,000,000

NEW SECTION. **Sec. 304.** The legislature intends to increase general state revenues to pay for a portion of the increased debt service costs for voter-approved bonds and for debt-limit bonds authorized by the legislature for projects awarded grants under sections 301 and 302 of this act for energy efficiency projects in public facilities.

Sec. 305. RCW 82.08.0293 and 2010 1st sp.s. c ... (2ESSB 6143) s 902 are each amended to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to sales of food and food ingredients. "Food and food ingredients" means substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. "Food and food ingredients" does not include:

(a) "Alcoholic beverages," which means beverages that are suitable for human consumption and contain one-half of one percent or more of alcohol by volume; and

(b) "Tobacco," which means cigarettes, cigars, chewing or pipe tobacco, or any other item that contains tobacco.

(2) ((~~Until July 1, 2013,~~)) The exemption of "food and food ingredients" provided for in subsection (1) of this section does not apply to prepared food, soft drinks, bottled water, candy, or dietary supplements. ((~~Beginning July 1, 2013, the exemption of "food and food ingredients" provided for in subsection (1) of this section does not apply to prepared food, soft drinks, candy, or dietary supplements.~~)) For purposes of this subsection, the following definitions apply:

(a) "Dietary supplement" means any product, other than tobacco, intended to supplement the diet that:

(i) Contains one or more of the following dietary ingredients:

(A) A vitamin;

(B) A mineral;

(C) An herb or other botanical;

(D) An amino acid;

(E) A dietary substance for use by humans to supplement the diet by increasing the total dietary intake; or

(F) A concentrate, metabolite, constituent, extract, or combination of any ingredient described in this subsection;

(ii) Is intended for ingestion in tablet, capsule, powder, softgel, gelcap, or liquid form, or if not intended for ingestion in such form, is not represented as conventional food and is not represented for use as a sole item of a meal or of the diet; and

(iii) Is required to be labeled as a dietary supplement, identifiable by the "supplement facts" box found on the label as required pursuant to 21 C.F.R. Sec. 101.36, as amended or renumbered as of January 1, 2003.

(b)(i) "Prepared food" means:

(A) Food sold in a heated state or heated by the seller;

(B) Food sold with eating utensils provided by the seller, including plates, knives, forks, spoons, glasses, cups, napkins, or straws. A plate does not include a container or packaging used to transport the food; or

(C) Two or more food ingredients mixed or combined by the seller for sale as a single item, except:

(I) Food that is only cut, repackaged, or pasteurized by the seller; or

(II) Raw eggs, fish, meat, poultry, and foods containing these raw animal foods requiring cooking by the consumer as recommended by the federal food and drug administration in chapter 3, part 401.11 of The Food Code, published by the food and drug administration, as amended or renumbered as of January 1, 2003, so as to prevent foodborne illness.

(ii) "Prepared food" does not include the following food or food ingredients, if the food or food ingredients are sold without eating utensils provided by the seller:

(A) Food sold by a seller whose proper primary North American industry classification system (NAICS) classification is manufacturing in sector 311, except subsector 3118 (bakeries), as provided in the "North American industry classification system--United States, 2002";

(B) Food sold in an unheated state by weight or volume as a single 38 item; or

(C) Bakery items. The term "bakery items" includes bread, rolls, buns, biscuits, bagels, croissants, pastries, donuts, Danish, cakes, tortes, pies, tarts, muffins, bars, cookies, or tortillas.

(c) "Soft drinks" means nonalcoholic beverages that contain natural or artificial sweeteners. Soft drinks do not include beverages that contain: Milk or milk products; soy, rice, or similar milk substitutes; or greater than fifty percent

of vegetable or fruit juice by volume.

(d) "Candy" means a preparation of sugar, honey, or other natural or artificial sweeteners in combination with chocolate, fruits, nuts, or other ingredients or flavorings in the form of bars, drops, or pieces. "Candy" does not include any preparation containing flour and does not require refrigeration.

(e) "Bottled water" means water that is placed in a sealed container or package for human consumption. Bottled water is calorie free and does not contain sweeteners or other additives except that it may contain: (i) Antimicrobial agents; (ii) fluoride; (iii) carbonation; (iv) vitamins, minerals, and electrolytes; (v) oxygen; (vi) preservatives; and (vii) only those flavors, extracts, or essences derived from a spice or fruit. "Bottled water" includes water that is delivered to the buyer in a reusable container that is not sold with the water.

(3) Notwithstanding anything in this section to the contrary, the exemption of "food and food ingredients" provided in this section applies to food and food ingredients that are furnished, prepared, or served as meals:

(a) Under a state administered nutrition program for the aged as provided for in the older Americans act (P.L. 95-478 Title III) and RCW 29 74.38.040(6);

(b) That are provided to senior citizens, individuals with disabilities, or low-income persons by a not-for-profit organization organized under chapter 24.03 or 24.12 RCW; or

(c) That are provided to residents, sixty-two years of age or older, of a qualified low-income senior housing facility by the lessor or operator of the facility. The sale of a meal that is billed to both spouses of a marital community or both domestic partners of a domestic partnership meets the age requirement in this subsection (3)(c) if at least one of the spouses or domestic partners is at least sixty-two years of age. For purposes of this subsection, "qualified low-income senior housing facility" means a facility:

(i) That meets the definition of a qualified low-income housing project under 26 U.S.C. Sec. 42 of the federal internal revenue code, as existing on August 1, 2009;

(ii) That has been partially funded under 42 U.S.C. Sec. 1485; and

(iii) For which the lessor or operator has at any time been entitled to claim a federal income tax credit under 26 U.S.C. Sec. 42 of the federal internal revenue code.

(4)(a) Subsection (1) of this section notwithstanding, the retail sale of food and food ingredients is subject to sales tax under RCW 82.08.020 if the food and food ingredients are sold through a vending machine. Except as provided in (b) of this subsection, the selling price of food and food ingredients sold through a vending machine for purposes of RCW 82.08.020 is fifty-seven percent of the gross receipts.

(b) For soft drinks and hot prepared food and food ingredients, other than food and food ingredients which are heated after they have been dispensed from the vending machine, the selling price is the total gross receipts of such sales divided by the sum of one plus the sales tax rate expressed as a decimal.

(c) For tax collected under this subsection (4), the requirements that the tax be collected from the buyer and that the amount of tax be stated as a separate item are waived.

Sec. 306. RCW 82.12.0293 and 2010 1st sp.s. c ... (2ESSB 6143) s 903 are each amended to read as follows:

(1) The provisions of this chapter do not apply in respect to the use of food and food ingredients for human consumption. "Food and food ingredients" has the same meaning as in RCW 82.08.0293.

(2) ((~~Until July 1, 2013,~~)) The exemption of "food and food ingredients" provided for in subsection (1) of this section does not apply to prepared food, soft drinks, bottled water, candy, or dietary supplements. ((~~Beginning July 1, 2013, the exemption of "food and food ingredients" provided for in subsection (1) of this section does not apply to prepared food, soft drinks, candy, or dietary supplements.~~)) "Prepared food," "soft drinks," "dietary supplements," "candy," and "bottled water" have the same meanings as in RCW 82.08.0293.

(3) Notwithstanding anything in this section to the contrary, the exemption of "food and food ingredients" provided in this section ((~~apply~~)) applies to food and food ingredients which are furnished, prepared, or served as meals:

(a) Under a state administered nutrition program for the aged as provided for in the older Americans act (P.L. 95-478 Title III) and RCW 74.38.040(6);

(b) Which are provided to senior citizens, individuals with disabilities, or low-income persons by a not-for-profit organization organized under chapter 24.03 or 24.12 RCW; or

(c) That are provided to residents, sixty-two years of age or older, of a qualified low-income senior housing facility by the lessor or operator of the facility. The sale of a meal that is billed to both spouses of a marital community or both domestic partners of a domestic partnership meets the age requirement in this subsection (3)(c) if at least one of the spouses or domestic partners is at least sixty-two years of age. For purposes of this subsection, "qualified low-income 18 senior housing facility" has the same meaning as in RCW 82.08.0293.

PART IV
TECHNICAL PROVISIONS

NEW SECTION. **Sec. 401.** (1) The legislature may provide additional means for raising moneys for the payment of the principal of and interest on the bonds authorized in section 201 of this act, and section 202 of this act may not be deemed to provide an exclusive method for the payment.

(2) The office of the state treasurer must determine a mechanism to allow individual Washington state residents to purchase jobs act bonds.

NEW SECTION. **Sec. 402.** The bonds authorized by this chapter constitute a legal investment for all state funds or for funds under state control and all funds of municipal corporations.

NEW SECTION. **Sec. 403.** The state finance committee is authorized to prescribe the form, terms, conditions, and covenants of the bonds provided for in this act, the time or times of sale of all or any portion of them, and the conditions and manner of their sale and issuance.

NEW SECTION. **Sec. 404.** The Washington works account is created in the state treasury. All receipts from bonds authorized under section 201 of this act must be deposited in the account. Moneys in the account may be spent only after appropriation. The proceeds from the sale of the bonds authorized in section 201 of this act must be deposited in the account. Moneys in the account must be used exclusively for:

(1) The purposes of sections 301, 302, and 303 of this act, which includes energy and operational cost savings improvements and related projects that result in energy and operational cost savings for public school districts and public higher education institutions; and

(2) The payment of the expenses incurred in connection with the sale and issuance of the bonds.

NEW SECTION. **Sec. 405.** If the state finance committee deems it necessary to issue any portion of the bonds authorized in this chapter as taxable bonds in order to comply with federal internal revenue service rules and regulations pertaining to the use of nontaxable bond proceeds, the proceeds of such taxable bonds must be transferred to the state taxable building construction account in lieu of any deposits otherwise provided by section 404 of this act. The state treasurer must submit written notice to the director of financial management if it is determined that any such transfer to the state taxable building construction account is necessary. Moneys in the account may be spent only after appropriation. For purposes of this section, "nontaxable bond proceeds" includes proceeds from bonds issued as tax exempt bonds and proceeds from taxable bonds eligible for direct federal subsidy under federal internal revenue service rules.

Sec. 406. RCW 39.94.040 and 2003 c 6 s 2 are each amended to read as follows:

(1) Except as provided in RCW 28B.10.022, the state may not enter into any financing contract for itself if the aggregate principal amount payable thereunder is greater than an amount to be established from time to time by the state finance committee or participate in a program providing for the issuance of certificates of participation, including any contract for credit enhancement, without the prior approval of the state finance committee. Except as provided in RCW 28B.10.022, the state finance committee shall approve the form of all financing contracts or a standard format for all financing contracts. The state finance committee also may:

(a) Consolidate existing or potential financing contracts into master financing contracts with respect to property acquired by one or more agencies, departments, instrumentalities of the state, the state board for community and technical colleges, or a state institution of higher learning; or to be acquired by an other agency;

(b) Approve programs providing for the issuance of certificates of participation in master financing contracts for the state or for other agencies;

(c) Enter into agreements with trustees relating to master financing contracts; and

(d) Make appropriate rules for the performance of its duties under this chapter.

(2) In the performance of its duties under this chapter, the state finance committee may consult with representatives from the department of general administration, the office of financial management, and the department of information services.

(3) With the approval of the state finance committee, the state also may enter into agreements with trustees relating to financing contracts and the issuance of certificates of participation.

(4) Except for financing contracts for real property used for the purposes described under chapter 28B.140 RCW, the state may not enter into any financing contract for real property of the state without prior approval of the legislature.

(5) The state may not enter into any financing contract on behalf of an other agency without the approval of such a financing contract by the governing body of the other agency. For the purposes of this requirement, a financing contract must be treated as used for real property if it is being entered into by the state for the acquisition of land; the acquisition of an existing building; the construction of a new building; or a major remodeling, renovation, rehabilitation, or rebuilding of an existing building. Prior approval of the legislature is not required under this chapter for a financing contract entered into by the state under this chapter for energy conservation improvements to existing buildings where such improvements include (a) fixtures and equipment that are not part of a major remodeling, renovation, rehabilitation, or rebuilding of the building, or (b) other improvements to the building that are being performed for the primary purpose of energy conservation. Such energy conservation improvements must be determined eligible for financing under this chapter by the office of financial management in accordance with financing guidelines established by the state treasurer, and are to be treated as personal property for the purposes of this chapter.

PART V
REFERENDUM PROVISIONS

NEW SECTION. **Sec. 501.** (1) The secretary of state shall submit sections 101 through 203 and 401 through 405 of this act to the people for their adoption and ratification, or rejection, at the next general election to be held in this state, in accordance with Article II, section 1 and Article VIII, section 3 of the state Constitution and the laws adopted to facilitate their operation.

(2) If the people ratify this act as specified under subsection (1) of this section, revenues generated shall be spent as detailed in this act.

(3) Pursuant to RCW 29A.72.050(6), the statement of subject and concise description for the ballot title shall read: "The legislature has passed Engrossed House Bill No. 2561 (this act), concerning job creation through energy efficiency projects in school buildings. This bill would promote job creation by authorizing bonds to construct energy efficiency savings improvements to schools, including higher education buildings."

NEW SECTION. **Sec. 502.** Sections 303 through 306 of this act are contingent upon approval by the voters of sections 101 through 203 and 401 through 405 of this act. If sections 101 through 203 and 401 through 405 of this act are not approved by the voters by December 1, 2010, sections 303 through 306 of this act are null and void.

NEW SECTION. **Sec. 503.** Sections 201 through 203, 301, 302, and 401 through 405 of this act constitute a new chapter in Title 43 RCW.

PART VI
MISCELLANEOUS PROVISIONS

NEW SECTION. **Sec. 601.** This act takes effect if Second Engrossed Substitute Senate Bill No. 6143 is enacted by the legislature during the 2010 1st special session.

-- END --

Complete Text

Senate Joint Resolution 8225

BE IT RESOLVED, BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE STATE OF WASHINGTON, IN LEGISLATIVE SESSION ASSEMBLED:

THAT, At the next general election to be held in this state the secretary of state shall submit to the qualified voters of the state for their approval and ratification, or rejection, an amendment to Article VIII, section 1 of the Constitution of the state of Washington to read as follows:

Article VIII, section 1.

(a) The state may contract debt, the principal of which shall be paid and discharged within thirty years from the time of contracting thereof, in the manner set forth herein.

(b) The aggregate debt contracted by the state shall not exceed that amount for which payments of principal and interest in any fiscal year would require the state to expend more than nine percent of the arithmetic mean of its general state revenues for the three immediately preceding fiscal years as certified by the treasurer. The term "fiscal year" means that period of time commencing July 1 of any year and ending on June 30 of the following year.

(c) The term "general state revenues" when used in this section, shall include all state money received in the treasury from each and every source whatsoever except: (1) Fees and revenues derived from the ownership or operation of any undertaking, facility, or project; (2) Moneys received as gifts, grants, donations, aid, or assistance or otherwise from the United States or any department, bureau, or corporation thereof, or any person, firm, or corporation, public or private, when the terms and conditions of such gift, grant, donation, aid, or assistance require the application and disbursement of such moneys otherwise than for the general purposes of the state of Washington; (3) Moneys to be paid into and received from retirement system funds, and performance bonds and deposits; (4) Moneys to be paid into and received from trust funds including but not limited to moneys received from taxes levied for specific purposes and the several permanent and irreducible funds of the state and the moneys derived therefrom but excluding bond redemption funds; (5) Proceeds received from the sale of bonds or other evidences of indebtedness.

(d) In computing the amount required for payment of principal and interest on outstanding debt under this section, debt shall be construed to mean borrowed money represented by bonds, notes, or other evidences of indebtedness which are secured by the full faith and credit of the state or are required to be repaid, directly or indirectly, from general state revenues and which are incurred by the state, any department, authority, public corporation, or quasi public corporation of the state, any state university or college, or any other public agency created by the state but not by counties, cities, towns, school districts, or other municipal corporations, but shall not include obligations for the payment of current expenses of state government, nor shall it include debt hereafter incurred pursuant to section 3 of this article, obligations guaranteed as provided for in subsection (g) of this section, principal of bond anticipation notes or obligations issued to fund or refund the indebtedness of the Washington state building authority. <u>In addition, for the purpose of computing the amount required for payment of interest on outstanding debt under subsection (b) of this section and this subsection, "interest" shall be reduced by subtracting the amount scheduled to be received by the state as payments from the federal government in each year in respect of bonds, notes, or other evidences of indebtedness subject to this section.</u>

(e) The state may pledge the full faith, credit, and taxing power of the state to guarantee the voter approved general obligation debt of school districts in the manner authorized by the legislature. Any such guarantee does not remove the debt obligation of the school district and is not state debt.

(f) The state may, without limitation, fund or refund, at or prior to maturity, the whole or any part of any existing debt or of any debt hereafter contracted pursuant to section 1, section 2, or section 3 of this article, including any premium payable with respect thereto and interest thereon, or fund or refund, at or prior to maturity, the whole or any part of any indebtedness incurred or authorized prior to the effective date of this amendment by any entity of the type described in subsection (h) of this section, including any premium payable with respect thereto and any interest thereon. Such funding or refunding shall not be deemed to be contracting debt by the state.

(g) Notwithstanding the limitation contained in subsection (b) of this section, the state may pledge its full faith, credit, and taxing power to guarantee the payment of any obligation payable from revenues received from any of the following sources: (1) Fees collected by the state as license fees for motor vehicles; (2) Excise taxes collected by the state on the sale, distribution or use of motor vehicle fuel; and (3) Interest on the permanent common school fund: *Provided,* That the legislature shall, at all times, provide sufficient revenues from such sources to pay the principal and interest due on all obligations for which said source of revenue is pledged.

(h) No money shall be paid from funds in custody of the treasurer with respect to any debt contracted after the effective date of this amendment by the Washington state building authority, the capitol committee, or any similar entity existing or operating for similar purposes pursuant to which such entity undertakes to finance or provide a facility for use or occupancy by the state or any agency, department, or instrumentality thereof.

(i) The legislature shall prescribe all matters relating to the contracting, funding or refunding of debt pursuant to this section, including: The purposes for which debt may be contracted; by a favorable vote of three-fifths of the members elected to each house, the amount of debt which may be contracted for any class of such purposes; the kinds of notes, bonds, or other evidences of debt which may be issued by the state; and the manner by which the treasurer shall determine and advise the legislature, any appropriate agency, officer, or instrumentality of the state as to the available debt capacity within the limitation set forth in this section. The legislature may delegate to any state officer, agency, or instrumentality any of its powers relating to the contracting, funding or refunding of debt pursuant to this section except its power to determine the amount and purposes for which debt may be contracted.

(j) The full faith, credit, and taxing power of the state of Washington are pledged to the payment of the debt created

on behalf of the state pursuant to this section and the legislature shall provide by appropriation for the payment of the interest upon and installments of principal of all such debt as the same falls due, but in any event, any court of record may compel such payment.

(k) Notwithstanding the limitations contained in subsection (b) of this section, the state may issue certificates of indebtedness in such sum or sums as may be necessary to meet temporary deficiencies of the treasury, to preserve the best interests of the state in the conduct of the various state institutions, departments, bureaus, and agencies during each fiscal year; such certificates may be issued only to provide for appropriations already made by the legislature and such certificates must be retired and the debt discharged other than by refunding within twelve months after the date of incurrence.

(l) Bonds, notes, or other obligations issued and sold by the state of Washington pursuant to and in conformity with this article shall not be invalid for any irregularity or defect in the proceedings of the issuance or sale thereof and shall be incontestable in the hands of a bona fide purchaser or holder thereof.

BE IT FURTHER RESOLVED, That the secretary of state shall cause notice of this constitutional amendment to be published at least four times during the four weeks next preceding the election in every legal newspaper in the state.

-- END --

Complete Text

Engrossed Substitute House Joint Resolution 4220

BE IT RESOLVED, BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE STATE OF WASHINGTON, IN LEGISLATIVE SESSION ASSEMBLED:

THAT, At the next general election to be held in this state the secretary of state shall submit to the qualified voters of the state for their approval and ratification, or rejection, an amendment to Article I, section 20 of the Constitution of the state of Washington to read as follows:

Article I, section 20. All persons charged with crime shall be bailable by sufficient sureties, except for capital offenses when the proof is evident, or the presumption great. Bail may be denied for offenses punishable by the possibility of life in prison upon a showing by clear and convincing evidence of a propensity for violence that creates a substantial likelihood of danger to the community or any persons, subject to such limitations as shall be determined by the legislature.

BE IT FURTHER RESOLVED, That the secretary of state shall cause notice of this constitutional amendment to be published at least four times during the four weeks next preceding the election in every legal newspaper in the state.

-- END --

Political Party Contact Information

Washington State Democrats

PO Box 4027
Seattle, WA 98194
(206) 583-0664
info@wa-democrats.org
www.wa-democrats.org

Washington State Republican Party

2840 Northup Way, Ste 140
Bellevue, WA 98004
(425) 460-0570
wagop@wsrp.org
www.wsrp.org

Piece it together

Be the smartest voter on the block.

The voters' pamphlet is a good source, but not the only source of information about issues and candidates.

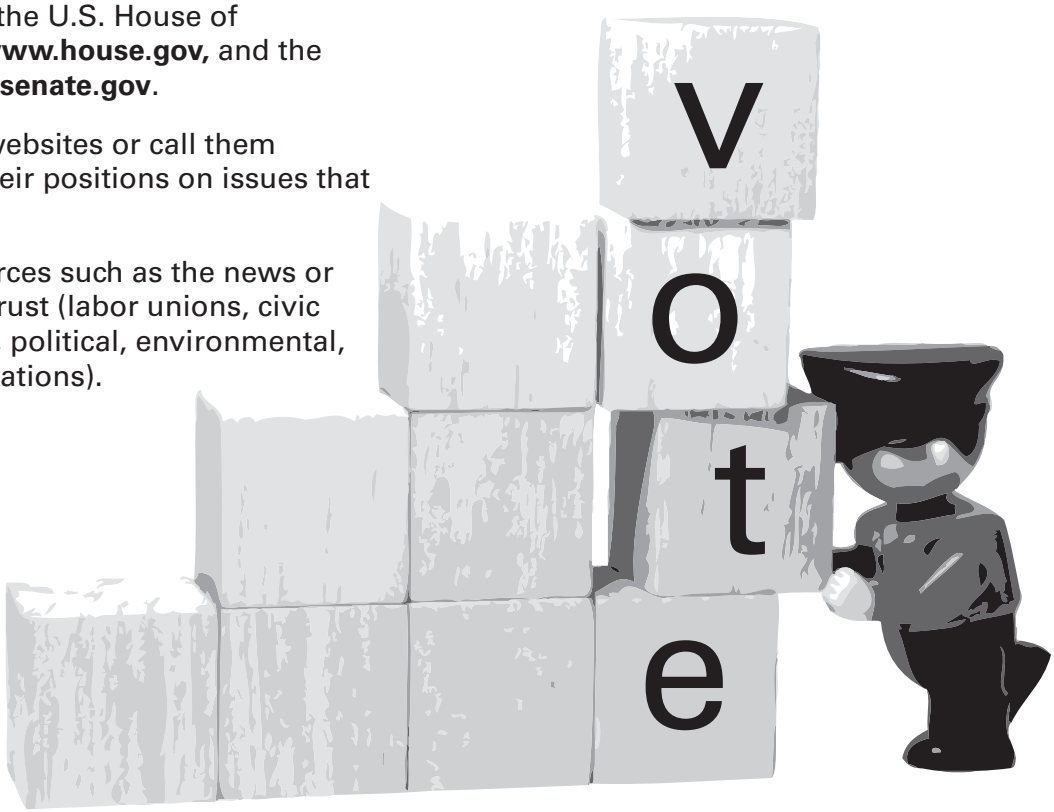
Information about state candidate and ballot measure contributors is available from the Public Disclosure Commission **www.pdc.wa.gov**.

Information about federal candidate contributors is available from the Federal Election Commission **www.fec.gov**.

Information about voting records is available from the Washington Legislature **www.leg.wa.gov,** the U.S. House of Representatives **www.house.gov,** and the U.S. Senate **www.senate.gov**.

Visit candidates' websites or call them directly to learn their positions on issues that matter to you.

Refer to other sources such as the news or associations you trust (labor unions, civic clubs, or religious, political, environmental, or business associations).



Voting...
is for everyone!

Did you know the voters' pamphlet is available in Spanish and Chinese?

The federal Voting Rights Act requires counties home to large minority language groups with limited English skills to translate election materials.

Based on the 2000 Census, Washington is required to provide the voters' pamphlet (and other election materials) in Chinese to residents in certain areas of King County, and in Spanish throughout Yakima, Franklin, and Adams counties.

We're still waiting for 2010 Census results, but the state anticipates adding translated election materials in several counties by 2012. Some counties may require translations in multiple languages.

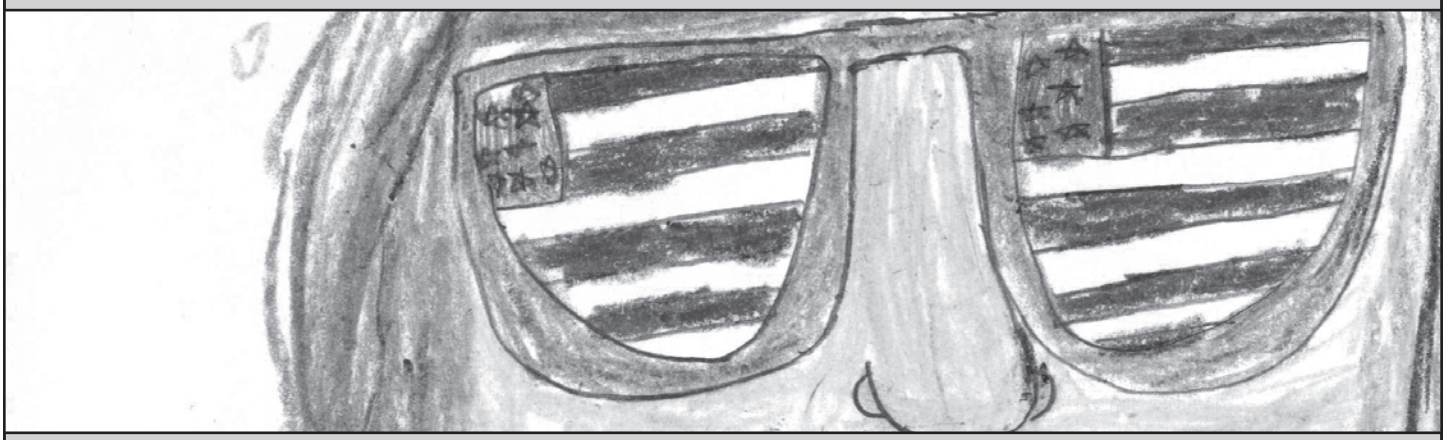
Did you know the voters' pamphlet is available in formats for people with visual disabilities?

State law requires the voters' pamphlet to be available to people with visual disabilities upon request.

Audio, as well as plain text and electronic Braille for text readers, is available at **www.vote.wa.gov**.

Braille, audio, and large-print voters' pamphlets are available upon request. **To request an alternate format be sent to you, or someone you know, email voterspamphlet@sos.wa.gov and include your preferred format, name, and mailing address, or call the voter hotline at (800) 448-4881.**

Kids can vote
in the Mock Election!



Kids vote at www.vote.wa.gov

Kids in grades 5-12 can vote for real candidates and measures in the online Mock Election; students grades K-4 will be given more age-appropriate ballot measures.

Online voting is open from 9 a.m. on October 25 until noon on October 29. Voting online is fast and easy. Free activities and lesson plans are also available to download.

Kids have their say on TV

A special discussion forum for kids hosted by TVW, Washington's Public Affairs Network, will be televised on Thursday, October 21. Questions emailed to **just4you@sos.wa.gov** before October 19 could be read on TV.

Artwork by Jack Sovelove, Lopez Island Elementary (grade 4)

Go online for fast, easy service!

Do you know if you're registered to vote?

Confirm your registration at **www.vote.wa.gov**.

Did you know you must submit a new voter registration when you move or change your name?

You can view and edit your personalized voting information online. Just go to **www.vote.wa.gov**. You can also view your sample ballot, your voting history, ballot drop-off and voting service center locations most convenient to you, and contact information for your current elected officials.

You can use the online or mail-in voter registration form to keep your voter registration up-to-date. You must re-register or transfer your registration no later than October 4 to be eligible to vote in your new precinct.

Did you know you can register to vote online?

If you have a Washington State driver license or identification card, you may register to vote online at **www.vote.wa.gov**.

Registration forms are also available online or at your county elections department, public libraries, schools, and other government offices. You may also request a form through the state voter information hotline at (800) 448-4881.

County Elections Contact Information

Adams County
210 W Broadway Ave, Ste 200
Ritzville, WA 99169-1897
Phone: (509) 659-3249
TDD/TTY: (509) 659-1122

Asotin County
PO Box 129
Asotin, WA 99402-0129
Phone: (509) 243-2084
TDD/TTY: (800) 855-1155

Benton County
PO Box 470
Prosser, WA 99350-0470
Phone: (509) 736-3085
TDD/TTY: (800) 833-6388

Chelan County
PO Box 4760
Wenatchee, WA 98807-4760
Phone: (509) 667-6808
TDD/TTY: (800) 833-6388

Clallam County
223 E 4th St, Ste 1
Port Angeles, WA 98362
Phone: (360) 417-2221
Toll-free (866) 433-8683
TDD/TTY: (800) 833-6388

Clark County
PO Box 8815
Vancouver, WA 98666-8815
Phone: (360) 397-2345
TDD/TTY: (800) 223-3131

Columbia County
341 E Main St, Ste 3
Dayton, WA 99328-1361
Phone: (509) 382-4541
TDD/TTY: (800) 833-6388

Cowlitz County
207 4th Ave N, Rm 107
Kelso, WA 98626-4130
Phone: (360) 577-3005
TDD/TTY: (360) 577-3061

Douglas County
PO Box 456
Waterville, WA 98858
Phone: (509) 745-8527
TDD/TTY: (509) 745-8527 ext 207

Ferry County
350 E Delaware Ave, #2
Republic, WA 99166
Phone: (509) 775-5200
TDD/TTY: (800) 833-6388

Franklin County
PO Box 1451
Pasco, WA 99301
Phone: (509) 545-3538
TDD/TTY: (800) 833-6388

Garfield County
PO Box 278
Pomeroy, WA 99347
Phone: (509) 843-1411
TDD/TTY: (800) 833-6388

Grant County
PO Box 37
Ephrata, WA 98823
Phone: (509) 754-2011 ext 343
TDD/TTY: (800) 833-6388

Grays Harbor County
100 W Broadway, Ste 2
Montesano, WA 98563
Phone: (360) 249-4232
TDD/TTY: (360) 249-6575

Island County
PO Box 1410
Coupeville, WA 98239
Phone: (360) 679-7366
TDD/TTY: (360) 679-7305

Jefferson County
PO Box 563
Port Townsend, WA 98368
Phone: (360) 385-9119
TDD/TTY: (800) 833-6388

King County
MAIL: 919 SW Grady Way
Renton, WA 98057-2906
Phone: (206) 296-8683
TDD/TTY: 711

Kitsap County
614 Division St
Port Orchard, WA 98366
Phone: (360) 337-7128

Kittitas County
205 W 5th Ave, Ste 105
Ellensburg, WA 98926
Phone: (509) 962-7503
TDD/TTY: (800) 833-6388

Klickitat County
205 S Columbus Ave, Stop 2
Goldendale, WA 98620
Phone: (509) 773-4001
TDD/TTY: (800) 833-6388

Lewis County
PO Box 29
Chehalis, WA 98532-0029
Phone: (360) 740-1278
TDD/TTY: (360) 740-1480

Lincoln County
PO Box 28
Davenport, WA 99122
Phone: (509) 725-4971
TDD/TTY: (800) 833-6388

Mason County
PO Box 400
Shelton, WA 98584
Phone: (360) 427-9670 ext 470
TDD/TTY: (800) 833-6388

Okanogan County
PO Box 1010
Okanogan, WA 98840
Phone: (509) 422-7240
TDD/TTY: (800) 833-6388

Pacific County
PO Box 97
South Bend, WA 98586-0097
Phone: (360) 875-9317
TDD/TTY: (360) 875-9400

Pend Oreille County
PO Box 5015
Newport, WA 99156
Phone: (509) 447-6472
TDD/TTY: (509) 447-3186

Pierce County
2501 S 35th St, Ste C
Tacoma, WA 98409
Phone: (253) 798-8683
TDD/TTY: 711

San Juan County
PO Box 638
Friday Harbor, WA 98250
Phone: (360) 378-3357
TDD/TTY: (360) 378-4151

Skagit County
PO Box 1306
Mount Vernon, WA 98273
Phone: (360) 336-9305
TDD/TTY: (800) 833-6388

Skamania County
PO Box 790
Stevenson, WA 98648
Phone: (509) 427-3730
TDD/TTY: (800) 833-6388

Snohomish County
3000 Rockefeller Ave, MS 505
Everett, WA 98201
Phone: (425) 388-3444
TDD/TTY: (425) 388-3700

Spokane County
1033 W Gardner Ave
Spokane, WA 99260
Phone: (509) 477-2320
TDD/TTY: (509) 477-2333

Stevens County
215 S Oak St, Rm 106
Colville, WA 99114
Phone: (509) 684-7514
Toll-free (866) 307-9060
TDD/TTY: (800) 833-6384

Thurston County
2000 Lakeridge Dr SW
Olympia, WA 98502-6090
Phone: (360) 786-5408
TDD/TTY: (360) 754-2933

Wahkiakum County
PO Box 543
Cathlamet, WA 98612
Phone: (360) 795-3219
TDD/TTY: (800) 833-6388

Walla Walla County
PO Box 2176
Walla Walla, WA 99362
Phone: (509) 524-2530
TDD/TTY: (800) 833-6388

Whatcom County
311 Grand Ave, Ste 103
Bellingham, WA 98225
Phone: (360) 676-6742
TDD/TTY: (360) 738-4555

Whitman County
PO Box 191
Colfax, WA 99111
Phone: (509) 397-5284
TDD/TTY: (800) 833-6388

Yakima County
128 N 2nd St, Rm 117
Yakima, WA 98901
Phone: (509) 574-1340
TDD/TTY: (800) 833-6388

Links to websites for all county elections departments can be found at **www.vote.wa.gov**.

Secretary of State, State of Washington
PO Box 40220
Olympia WA 98504-0220

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Voters' Pamphlet

November 2, 2010 General Election

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