YES on 5

Tax the top 1% for K-12, higher education and health care.

BALLOT TITLE

Initiative Measure No. 511 concerns an excise tax on income.

This measure would impose a 10% tax on adjusted gross income above one million dollars received by Washington residents and certain nonresidents, dedicating the revenue to K-12 and higher education and health services.

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

WARNING:

Every person who signs this petition with any other than his or her true name, knowingly signs more than one of these petitions, signs this petition when he or she is not a legal voter, or makes any false statement on this petition may be punished by fine or imprisonment or both.

BALLOT MEASURE SUMMARY

This measure would impose an excise tax of ten percent (10%) on adjusted gross income above one million dollars received by residents or by qualifying nonresidents deriving income from sources within the state. One third of the revenue from the tax would be devoted to K-12 education, one third to higher education, and one third to a state-funded health care plan. Taxes on nonresidents would be apportioned based on income derived from sources in Washington.

INITIATIVE PETITION FOR SUBMISSION TO THE LEGISLATURE

To the Honorable Sam Reed, Secretary of State of the State of Washington:

We, the undersigned citizens and legal voters of the State of Washington, respectfully direct that this petition and the proposed measure known as Initiative Measure No. 511, and entitled "Statement of Subject: Initiative Measure No. 511 concerns an excise tax on income. This measure would impose a 10% tax on adjusted gross income above one million dollars received by Washington residents and certain nonresidents, dedicating the revenue to K-12 and higher education and health services. Should this measure be enacted into law? Yes [] No []" a full, true, and correct copy of which is printed on the reverse side of this petition, be transmitted to the legislature of the State of Washington at its next ensuing regular session, and we respectfully petition the legislature to enact said proposed measure into law; and each of us for himself or herself says: I have personally signed this petition; I am a legal voter of the State of Washington in the city (or town) and county written after my name, my residence address is correctly stated, and I have knowingly signed this petition only once.

- WASHINGTON STATE VOTERS PLEASE SIGN BELOW. STATEWIDE INITIATIVE TO THE LEGISLATURE. -

(If you have already signed I-511 please do not sign again.)

our sign	ature won't count unless you pri	Address where you are REGISTERED TO VOTE							
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ATTENTION: SIGNATURE GATHERER

Before you mail in your petition, make sure to print and sign your name here. THANKS!



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RCW 9A.46.020 applies to any conduct constituting harassment against a petition signature gatherer. This penalty does not preclude the victim from seeking any other remedy otherwise available under law.

Signature

Your e-mail address:

COMPLETE TEXT OF INITIATIVE MEASURE 511

AN ACT Assessing a tax on millionaires to preserve education and health services; and adding a new chapter to Title 82 RCW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

PART I GENERAL PROVISIONS

NEW SECTION. Sec. 101. INTENT. It is the intent of the people to sustain education and health services and jobs by requiring the wealthiest, those who have benefited greatly in this great recession, to pay their fair share through a marginal tax on annual income exceeding one million dollars.

PART II TAXING ANNUAL INCOME OVER ONE MILLION DOLLARS TO PRESERVE K-12 EDUCATION, HIGHER EDUCATION, CRITICAL HEALTH SERVICES, AND TO CREATE JOBS

NEW SECTION. Sec. 201. EXCISE TAX IMPOSED--RATES. An excise tax is imposed on the receipt of adjusted gross income above one million dollars by residents or qualifying nonresidents deriving income from sources within the state. The rate of the tax is as follows: Adjusted gross income in excess of one million dollars is taxed at ten percent.

NEW SECTION. **Sec. 202**. MIDDLE CLASS TRUST FUND. (1) A new state trust fund is hereby established dedicated to funding education and health services. This trust is funded by the excise tax assessed under this chapter.

- (2) Revenue received by the trust must be devoted to education and health services, as follows: One-third of revenues must fund K-12 education; one-third of revenues must fund access to higher education; and one-third of revenues must fund the basic health plan under chapter 70.47 RCW or other state-funded health care under 74.09 RCW. In no case may this new revenue be used to supplant current funding for these services.
- (3) The office of financial management must prepare an annual audit of the funds deposited in the middle class trust fund, reporting on how funds have been spent and estimating the number of state residents benefited, and public and private jobs created and/or maintained, including the multiplier effects of public expenditures. 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.

NEW SECTION. Sec. 203. ABSOLUTE TAX THRESHOLD. It is the mandate of this act that in no event may excise tax be imposed upon adjusted gross income below one million dollars. No provisions of this chapter shall allow the imposition of tax upon adjusted gross income below one million dollars.

PART III RULE MAKING AND ADMINISTRATIVE PROVISIONS

NEW SECTION. Sec. 301. SIMPLIFICATION AND PAPERWORK REDUCTION. To reduce administrative burden to taxpayers and state government, the department must, to the greatest extent possible, administer the tax assessed under this chapter in a manner that is consistent with the federal income tax system and utilizing documents that taxpayers already must prepare as part of their federal tax filings.

NEW SECTION. Sec. 302. RULE MAKING. (1) The department must adopt rules under chapter 34.05 RCW for the administration and enforcement of this chapter, including: A phase-in for fiscal year taxpayers; required methods of accounting; time of payment of tax deducted and withheld under this act and this section; time and manner of making returns, extensions of time for filing returns, verification of returns, and the time when a return is deemed filed; filing requirements, including forms, due dates, extensions, and joint returns; recordkeeping and inspection; estimated tax and withholding; liability of transferee's imposition of penalties and accrual of interest for late returns; credit for income taxes due to another jurisdiction; dual residency; and any other matters that the department deems appropriate. 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.

(2) 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, including rules that impose interest and penalties, but the amount of such interest and penalties must be set by the department. Modifications of the federal rules may be made if reasonably necessary to facilitate the prompt, efficient, and equitable implementation of this chapter.

NEW SECTION. Sec. 303. IMPLEMENTATION. 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 chapter, except section 203 of this act.

NEW SECTION. **Sec. 304**. 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. 305. APPEALS. The board of tax appeals has 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 IV APPORTIONMENT AND ALLOCATION OF INCOME

NEW SECTION. Sec. 401. 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.
- (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 must 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) 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.
- (e) 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 under chapter 82.56 RCW.

PART V DEFINITIONS

NEW SECTION. **Sec. 501**. DEFINITIONS. 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) "Department" means the department of revenue.
- (3) "Individual" means a natural person, whether filing individually or jointly. (4) "Internal revenue code" means the United States internal revenue code of 1986 and amendments thereto, as existing and in effect on January 1, 2012.
- (5) "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.
- (6) "Tax" means the tax determined by this chapter, unless the context requires a different meaning.
- (7) "Taxpayer" means a person receiving income subject to tax under this chapter. NEW SECTION. Sec. 502. TERM USAGE. Except as provided in section 501 of this act, any term used in this chapter has the same meaning as when used in a comparable context in the internal revenue code.

PART VI MISCELLANEOUS

NEW SECTION. Sec. 601. SEVERABILITY. 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. 602. APPLICATION. This act applies to taxes collectible in 2013 and thereafter.

NEW SECTION. **Sec. 603**. CODIFICATION. This act constitutes a new chapter in Title 82 RCW.