

Initiative 1033 Frequently Asked Questions

I-1033 will steadily dismantle the public structures, services, and programs that protect our quality of life. It is a misleading initiative that will have thousands of unintended consequences - and it's an idea that's already been proven a failure elsewhere.

- **How does I-1033 actually work?**
I-1033 limits the growth of revenue used to fund state, county, and city services through an arbitrary formula based on the cost of inflation and population growth. It's based on a similar initiative passed years ago in Colorado called "TABOR."¹

- **Why is this a problem?**

The formula rises significantly more slowly than the actual costs of the public structures, services, and programs that Washingtonians use, forcing the state and local governments to make additional cutbacks each year. It does not keep pace with the growing costs of caring for the elderly, educating our children, providing public safety, and so on.²

If revenues drop dramatically and services are slashed during a recession (e.g. the \$6.7 billion in state general fund cuts this past year), the base revenue used to determine how much we can spend on public services in the future is locked down to the reduced levels – permanently limiting our ability to restore services once the recession is over.

The spending limit starts in 2010, setting the baseline at our worst recession in 29 years. And every time there is a recession year -- when the need for government services goes up -- the initiative would reduce amount of money that governments are able to spend.

- **How much will I-1033 impact state funding of public services?**

The State Office of Financial Management has estimated that I-1033 will cost the State \$6 billion by 2015. That means adding another \$6 billion to the \$6.7 billion in cuts enacted this past biennium. It will cost local governments another \$2.8 billion in the same time frame.³

- **Does I-1033 allow for "Rainy Day Funds" to help protect public services during economic downturns?**

No.

- **What happened when they tried it in Colorado?**

After Colorado passed a similar TABOR initiative in the early 1990s, it fell from 35th to 49th among the 50 states in state and local spending for K-12 education as a share of personal income. Colorado trailed far behind seven neighboring states in job growth after the 2001 recession.⁴ It did so much damage to the state's economy that in 2005, Coloradans voted to suspend the law.

To warn other states against initiatives like 1033, business leaders, ranchers, health care providers, parents and others in Colorado created a video that explains how they've been impacted. You can watch it at http://www.youtube.com/watch?v=kbF3_CiOtoM.

Voters have rejected similar initiatives in 5 other states.

- **What happens if revenues come in higher than the 1033 formula allows?**

They are used to reduce property taxes, leading to a situation where we are forced to lay off teachers and cops in return for tiny property tax refunds, even if we don't want to.

- **What is the initiative description I will see on my ballot?**

Initiative Measure No. 1033 concerns state, county and city revenue. This measure would limit growth of certain state, county and city revenue to annual inflation and population growth, not including voter-approved revenue increases. Revenue collected above the limit would reduce property tax levies.

1 http://www.seattlepi.com/connelly/408001_joel10.html

2 The full text of Initiative 1033 is available on the Secretary of State's website. See <http://www.secstate.wa.gov/elections/initiatives/text/i1033.pdf>

3 The Washington State Budget & Policy Center did an initial analysis of I-1033 that lays out the key problems with the Initiative: <http://www.budgetandpolicy.org/documents/I-1033andTABOR082709.pdf>.

4 http://www.ofm.wa.gov/initiatives/i-1033_fiscal_impact.pdf

5 The Bell Policy Center, CBPP and the University of Colorado, COFPI Aiming for the Middle, 2009. The Bell Policy Center in Colorado released a comprehensive look at the impacts the similar initiative had on their state after being in place for 10 years. You can read the full report or just the Executive Summary. <http://www.thebell.org/node/3087>