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## Finance Committee

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### HI 2111

**Brief Description:** Concerning taxes on personal income.

**Sponsors:** People of the State of Washington.

**Brief Summary of Bill**

- Prohibits the state and local jurisdictions from imposing taxes on any individual person on any form of personal income.
- Specifies that "income" has the same meaning as "gross income" under the federal tax code.

**Hearing Date:** 2/27/24

**Staff:** Tracey Taylor (786-7152).

**Background:**

Initiative Process.

Article II, Section 1, of the Washington State Constitution authorizes the initiative process, allowing the people to place a proposition on the ballot or to submit the proposed law to the Legislature.

If an initiative to the Legislature is certified, the Legislature must take one of the following three actions:

1. adopt the initiative as proposed, in which case it becomes law without a vote of the people;
2. reject or take no action on the measure, under either case the measure will automatically appear on the ballot in the next state general election; or
3. propose an alternative measure, in which case the initiative and alternative will both appear on the ballot as competing measures in the next state general election.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

Definition of Gross Income Under the Federal Tax Code (26 U.S.C. 61).

Under the federal tax code, gross income is generally defined to mean all income from whatever source derived, including, but not limited to, the following items: compensation for services, including fees, commissions, fringe benefits, and similar items; gross income derived from business; gains derived from dealings in property; interest; rents; royalties; dividends; annuities; income from life insurance and endowment contracts; pensions; income from discharge of indebtedness; distributive share of partnership gross income; income in respect of a decedent; and income from an interest in an estate or trust.

**Summary of Bill:**

The state, counties, cities and other local jurisdictions are prohibited from imposing a tax on any form of an individual's gross income. "Income" has the same meaning as "gross income" as provided in the federal tax code (26. U.S.C. 61).

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.