

# The Trumpeter



OCTOBER 2012

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## YOU DECIDE!

The following information about Ballot measures is provided by the Freedom Foundation. If you would like more voting advice, please contact your PCO or any of the officers listed on the back page of this newsletter.

### INITIATIVE 1185

#### MAKING IT HARDER TO RAISE TAXES

This measure re-establishes certain controls and transparency requirements for state tax and fee increases. To increase taxes, the legislature is required to vote in each chamber (House and Senate). A tax increase could also require a vote of the people to take effect, or an advisory vote. A new fee or fee increase must pass the legislature (rather than being imposed only by a government agency).

**IMPACT:** The legislature cannot repeal or modify an initiative without a two-thirds vote. This is why I-1185 is on the ballot: to re-enact a previous initiative, making it harder for the legislature to repeal it. The law has likely prevented a number of proposed tax increases and has forced bipartisan compromise on taxes and spending.

**SJRP RECOMMENDATION: VOTE YES**

### INITIATIVE 1240

#### ALLOWING PUBLIC CHARTER SCHOOLS

This measure would, for the first time, allow public charter schools in Washington State. The initiative is very limited — essentially a pilot program. It allows up to 40 charter schools. A charter school could only be operated by a non-religious, non-profit organization. Parents would be able to choose whether to send their students to a charter school. The schools would operate according to state law, but with more flexibility and accountability than existing public schools.

**IMPACT:** Forty-one states currently allow charter schools. Like other schools, some perform well and some don't. Charter schools are designed to increase the options available to parents and students as well as teachers and administrators. They are opposed by the state's largest teachers' unions and supported by a number of bipartisan education reform groups.

**SJRP RECOMMENDATION: NONE**

### INITIATIVE 502

#### LEGALIZING MARIJUANA

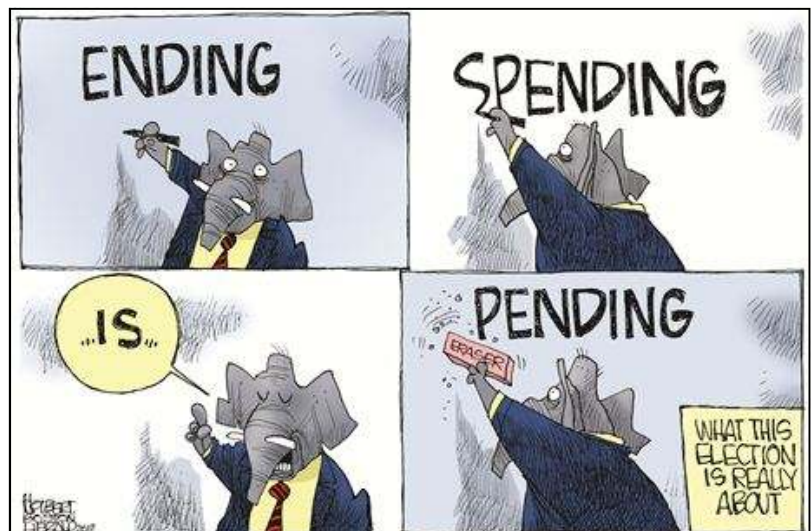
Existing state and federal laws make it a crime to grow, distribute or possess marijuana, other than for limited medical purposes. This measure would eliminate some of the state criminal penalties related to marijuana. It would legalize the possession of small amounts of marijuana and the production and sales of marijuana subject to state licensing and a 25 percent excise tax. The State Liquor Control Board would oversee the licensing of marijuana growers and retailers.

**IMPACT:** This measure would change state law to treat marijuana a lot like hard alcohol. Because the initiative only affects state law, federal criminal penalties would remain and could be enforced by federal agents. (Currently this is true of medical marijuana, but the U.S. Dept. of Justice has instructed federal prosecutors to respect state laws.)

**SJRP RECOMMENDATION: VOTE NO**

CHECK THE WEBSITE!

[HTTP://SJC RP.ORG/](http://sjcrp.org/)



## REFERENDUM 74 SAME SEX MARRIAGE

This is a referendum — a vote on whether to reject a bill passed by the Legislature and signed by the governor earlier this year. The proposed law would delete “male” and “female” from the state’s definition of marriage and redefine “husband” and “wife” as “gender neutral”. It leaves in effect the requirements that marriage be between two adults who are not closely related. Current law offers domestic partnership to same-sex couples, with the same benefits as marriage. The new law would phase out most domestic partnerships.

**IMPACT:** If approved, the new law will legalize same-sex marriage in Washington state. It would allow clergy and religious organizations not to participate in same-sex marriages and protect them from discrimination lawsuits. It would not protect persons or businesses from lawsuits.

**SJRP RECOMMENDATION: REJECTED**

## RESOLUTION 8221 LOWERING THE STATE DEBT LIMIT

This is an amendment to article VIII, section 1, of the Washington State Constitution, which governs state debt. The amendment would gradually lower the state’s debt limit. The current limit is nine percent and is based on the average of the last three years of state revenues, not including state property taxes. This amendment would decrease the limit to 8 percent and use the average of the last six years of state revenues including state property taxes.

**IMPACT:** The state constitutional amendment would reduce the amount of debt the state can take on. By basing the debt limit on the last six years of revenue instead of the last three years, it would also reduce the effects of sudden spikes or dips in state finances. These changes should help the state maintain its current excellent bond rating which keeps borrowing costs low.

**SJRP RECOMMENDATION: APPROVED**

## RESOLUTION 8223 UW AND WSU INVESTMENTS

This is an amendment to article XXIX of the Washington State Constitution. The State constitution currently prohibits using state funds to invest in private companies, with three exceptions: pension funds, industrial insurance funds, and trust funds for the developmentally disabled. This would add an exemption to allow the University of Washington and Washington State University to also invest some of their state funds.

**IMPACT:** This state constitutional amendment would allow the state’s two largest universities — UW

and WSU — to invest public funds in private companies. Supporters say this will provide these universities helpful flexibility and increase financial resources. Opponents say it will put higher education funds at risk and give too much discretion to college officials.

**SJRP RECOMMENDATION: REJECTED**

## ADVISORY VOTES

In 2007, voters approved Tim Eyman’s Initiative 960, which included a provision sending tax increases passed by the legislature to citizens for an “advisory vote”. The vote is not binding, but lets you weigh in on whether you think the legislature did the right thing. These two tax increases are the first to trigger this provision.

## HOUSE BILL 2590 WHOLESALE PETROLEUM PRODUCTS

HB 2590 extends the life of the state’s Pollution Liability Insurance Agency, which is funded by a fee on sellers of home heating oil and a tax on wholesale petroleum products. The program was to expire at the end of June 2013, but is extended for seven more years along with the fee and tax.

**SJRP RECOMMENDATION: REPEALED**

## SENATE BILL 6635 MORTGAGE INTEREST INCOME

SB 6635 eliminates a Business & Occupation tax deduction for certain kinds of banks. Currently, banks can deduct interest earnings on first mortgages of residential properties from their B&O taxes. This bill eliminates that deduction, but only for banks doing business in more than ten states.

**SJRP RECOMMENDATION: MAINTAINED**

For additional information about ballot measures go to: <http://www.washingtonpolicy.org/myelectionresource>

For candidate information call your PCO. Or refer to: [HTTP://SJCRP.ORG/](http://SJCRP.ORG/)

The real goal should be reduced government spending, rather than balanced budgets achieved by ever rising tax rates to cover ever rising spending.

*Thomas Sowell*

# BEFORE YOU VOTE — FACTS YOU SHOULD CONSIDER

*from the Freedom Foundation*

## DID THE STATE LEGISLATURE CUT STATE SPENDING?

Hardly. The current two year state budget calls for spending more than \$74 billion — that's more than ever before.

## BUT I HEARD THEY CUT \$10 BILLION?

Politicians and special interest groups did want to raise taxes and spend \$10 billion more. But not getting an increase is NOT the same as taking a cut. In the real world that would be like asking for a raise and if your boss says “no”, you accuse him of cutting your pay.

## DID YOU KNOW?

Washington has the fourth highest sales tax in the country (the average combined rate is 8.83% — only Tennessee, Arizona, and Louisiana are higher).

**Our gas tax is the highest in the country** — we pay 37.5 cents per gallon in state gas tax, plus another 18.4 cents for the federal gas tax.

## HOW MUCH DO WE SPEND ON K-12 PUBLIC SCHOOLS?

A lot. **At \$16,368,857,000, education is the biggest line item in the state's current two-year budget.** Despite the high level of spending, a recent poll found that most Washington parents think our public schools are on the “wrong track” and would send their kids elsewhere if they could.

## HOW MUCH DOES PUBLIC SCHOOL COST PER STUDENT?

State government spends a whopping \$12,812 per student per year. That's \$160,150 for one student to go from kindergarten through high school — yet 1/4 of our students fail to graduate on time (if at all). And, at our community colleges, 57% of students discover they need remedial classes.

## WHAT ABOUT HIGHER EDUCATION?

The state will spend \$11.7 billion in the current two year state budget on state higher education. This is less than in the last budget, but more than in any time before that. Once again, the money doesn't equal results. At state “four-year” institutions, only 41% of students get degrees in four years.

## ARE STATE PENSIONS UNDERFUNDED?

Depends on who you ask. Government gets to make up their own accounting rules, but, using the rules government requires for the private sector, a Freedom Foundation analysis showed **Washington State is tens of billions short.**

## POLITICAL GLOSSARY

### “PREVAILING WAGE”

Back in 1931. Congress passed a “prevailing wage” law that locked in high union wages on government projects in order to keep racial minorities from getting the work. Today, Washington State has the same law, forcing taxpayers to pay more for (or get less of) roads, bridges, schools, and similar projects.

### “COLLECTIVE BARGAINING”

A process created by government, collective bargaining gives union organizations special powers. They get monopoly control over a group of workers, even allowing them to force non members to pay dues.

### “GOVERNMENT REVENUE”

This is how politicians talk about taxes and fees without saying those dreaded words. But all that “revenue” has to come from somewhere. It comes from hard working people, and it comes at the cost of people buying and selling, innovating and inventing, and creating jobs.

CHECK THE WEBSITE!  
[HTTP://SJCRP.ORG/](http://sjcrp.org/)

*In framing a government which is to be administered by men over men, the great difficulty lies in this: you must first enable the government to control the governed; and in the next place oblige it to control itself. ~ James Madison Federalist # 51*

## "The Power to Tax is the Power to Destroy"

These are the words of Daniel Webster and Chief Justice John Marshall who lived in the days of the Founders.

Americans have recently witnessed the Supreme Court upholding a legislative act passed by congress that is one of the most oppressive measures in our Nation's history. The Founders' formula for individual freedom not only excluded this kind of taxation, but the Constitution they wrote specifically forbade Congress from doing the very thing the Supreme Court said they could do.

It is another powerful example of what has happened as we have ceased studying the Founders' freedom formula and have let powerful, anti-American philosophies enter into our thinking and transform our great Nation before our very eyes. Here is how it happened.

### **The Founder's Fear of the Power to Tax**

One of the driving forces motivating the Founders to declare independence 236 years ago was the oppressive nature of King George's taxes. The Founders knew governments had to have financial means to survive. But their study of history proved that it is the nature of almost all men who come to power, to abuse the people by taking more and more from them through government taxation. It was for this reason that the first government of the United States of America (the Articles of Confederation) contained no power in the national govern-

ment to levy any kind of tax. If taxes were to be levied they would be by the states, and the national government would then request each state to voluntarily give its fair share to the National government.

It was not long after the Revolutionary War began that the Founders realized this system was too weak. General Washington was in the field seeing his men starve, freeze, and die. His pleadings to Congress for more help were answered mostly by an apologetic excuse that the states had been requisitioned and it was up to them to send Washington the needed provisions. Some did and some didn't. No one knew the desperate need for more energy or power in the federal government than George Washington. Nevertheless, it would be many years before he would see that happen. Meanwhile, he had a war to fight and the inability of Congress to raise the necessary funds was one reason we almost lost the war for independence.

### **The Founders' lessons about taxation**

As a result of many years of trial and error, the Founders learned some powerful lessons about taxes: Just taxing the states is impractical, since the only way to enforce such taxation is to send in an army. There is a difference between direct and indirect taxes. Direct taxes are levied on a person or his property and must be paid by the individual. Indirect taxes are lev-

ied on things and are paid indirectly by those collecting the taxes on goods sold. Direct taxes are harsher and sometimes involve force to collect. Indirect taxes are more discretionary.

It was felt that the federal government's limited roles would be supported entirely by tariffs on imports. The Founders did not anticipate the government needing to reach inward to the people for support in ordinary times.

It was recognized, however, that in an emergency such as war, there would be less imports on which to collect tariffs. At the same time the demands for money would necessarily increase. It was for this reason that the Founders provided a way to tax the people directly in dire emergencies.

In these very limited situations where taxes would need to be collected from the people or the states, the allocation would be on one basis and one basis only - population. It would be done according to census or enumeration. Taxes would not be based on any other premise - not on income, not on wealth, not on inheritance, not on those who chose to buy a certain product or not buy a certain product - only on counting people. It would be as simple and unobtrusive as counting heads!

*Editor's Note: This article is reprinted from the July 2012 newsletter of National Center for Constitution Studies.*

[http://www.nccs.net/newsletter/jul12nl\\_print.html](http://www.nccs.net/newsletter/jul12nl_print.html)



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