



**Focus on 695**

contains eight Policy Briefs:

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2. *Surplus Won't Cover Shortfall*
3. *Not Much Discretion in the \$45 Billion Budget*
4. *MVET Off, Property Tax On & Other Tax Consequences*
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# Summing It Up: Upon Reflection, I-695 Still a Bad Idea

Most initiatives contain flaws.

The process virtually guarantees flawed products. Champions of initiative campaigns strive to draft brief, easily understood measures to resonate with a public frustrated by – or tired of – wonkish legislative minutiae.

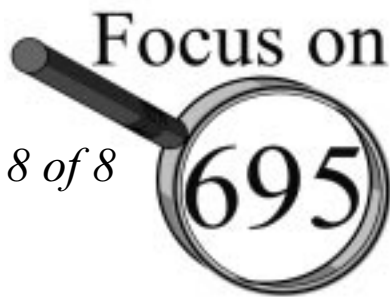
So perfection ceases to be a standard. “Don’t let the perfect be the enemy of the good,” counsel the pragmatists, urging voters to accept a step in the right direction, to send a message. Sometimes, the merits of the initiative outweigh the flaws and the public is well served. Sometimes, it works the other way.

Initiative 695, however attractive the message, collapses under its flaws.

- Rather than offering a careful, two or three year phase-out of the Motor Vehicle Excise Tax, it eliminates it in the middle of a fiscal year, giving local government no time to adapt to reduced revenues.
- Rather than requiring voter approval for general tax increases while retaining a common-sense attitude to fees and user charges, it proposes the nation’s most sweeping – and unworkable – referendum requirement on nearly every financial charge by a government.
- Rather than honoring the conservative fiscal principles of Initiative 601 that allowed the legislature to build a prudent cash reserve while cutting taxes, I-695 proponents dismiss the reserve as an extravagant surplus, telling the voters the state has a billion dollars to spend and ignoring the one-time nature of a budget reserve inadequate to mitigate even temporarily the revenue losses from MVET repeal.
- Rather than acknowledging that the legislature’s most discretionary budget is the \$20.6 billion general fund, proponents create the illusion that the state has \$45.2 billion it can spend at will, misrepresenting the effect of MVET repeal as a 2% spending cut — it would be more like 7% of the general fund, sixty percent of which is spent on the public schools, colleges, and universities.
- Rather than preserving the financial support for a necessary \$2 billion highway improvement program, I-695 nullifies it, assuring increased congestion, frustration, and expense before the state resolves its transportation problems.
- Rather than recognizing this state’s serious competitiveness problems – high business taxes, jammed freeways, labor shortages exacerbated by high housing prices and long commutes – and proposing a thoughtful, balanced tax relief and government accountability package, I-695 offers a tax cut, a plebiscitary nightmare, and further delay in the transportation investments critical to the state’s economic future.

There’s more – we’ve laid it out in this series – but that’s enough.

I-695 fails to deliver the goods. It’s bad public policy.



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