

WASHINGTON'S TAX CODE

WE NEED STATE REVENUE FOR:



EDUCATION

Early learning, pre-K through 12th grade public school, community and technical colleges, world-renowned research universities



PUBLIC SPACES

Environmental protections, public parks, community centers



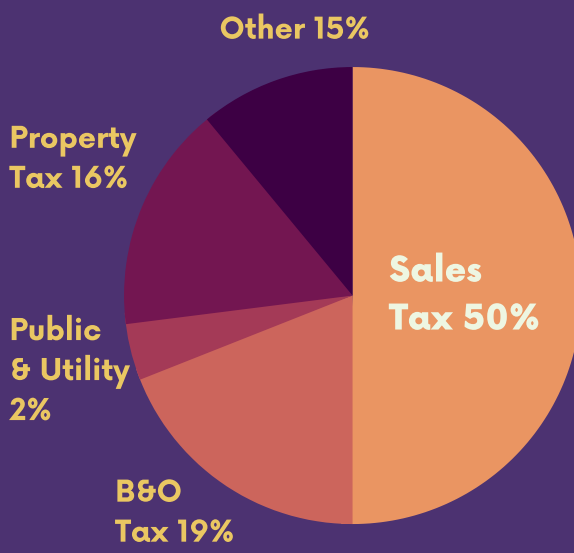
HEALTH & SERVICES

Public health, long-term care, fire departments

INVESTMENT IN THE PUBLIC GOOD IS AN INVESTMENT IN US ALL

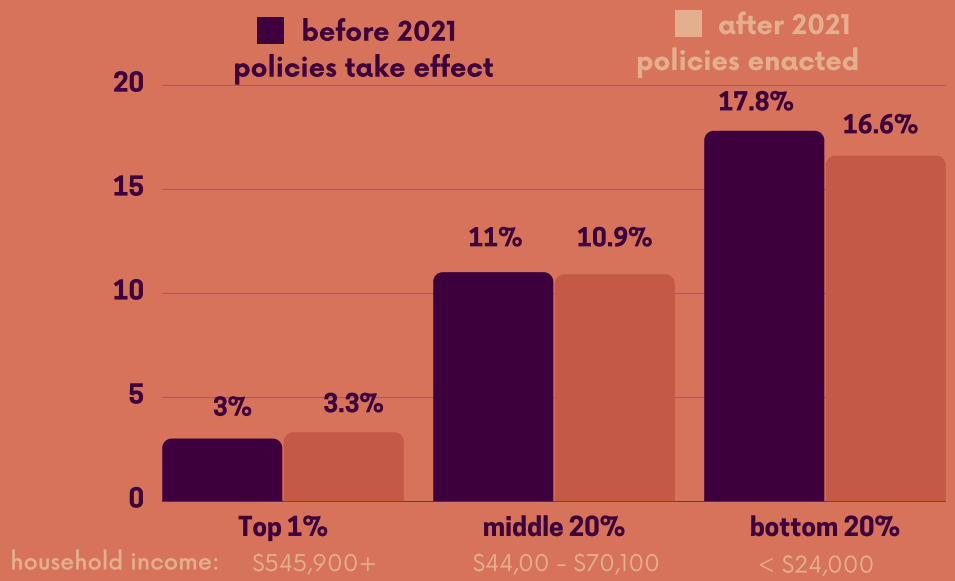


STATE FUNDS BY TAX TYPE

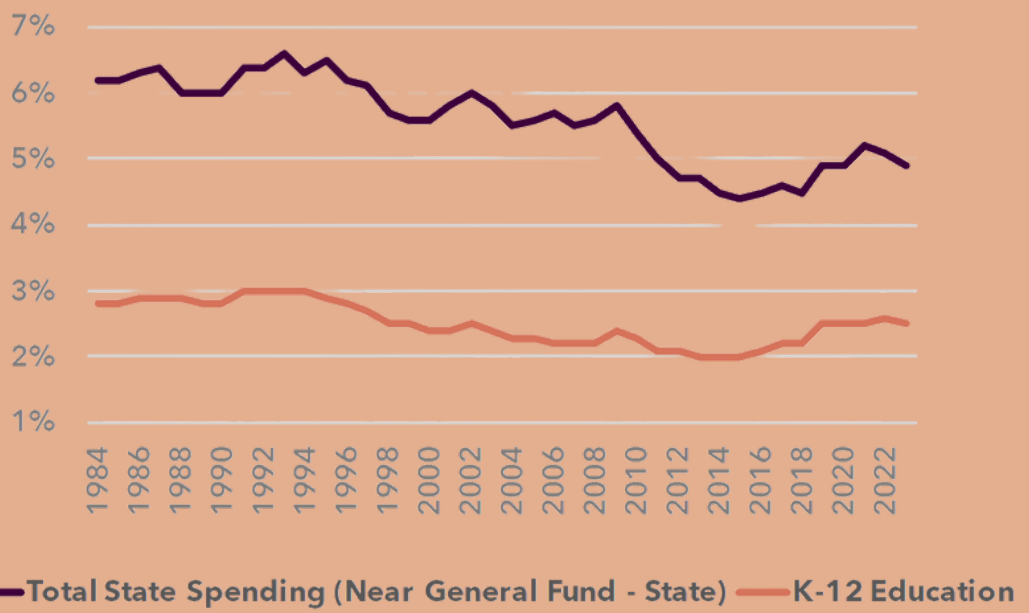


STATE REVENUE SUPPORTS A HEALTHY SOCIETY IN WHICH ALL OF US CAN THRIVE, NOT JUST SURVIVE.

PERCENT HOUSEHOLD INCOME SPENT ON WA STATE & LOCAL TAXES



WA State Spending Relative to Our State's Wealth Has Been on the Decline for Decades



TAX FACTS TO REMEMBER:

- Washington has the least fair (most regressive) tax code in the country in which **the poorest households pay the most relative to their income.**
- Though **the legislature passed policies to help low-income families and raise taxes on the top 1% in 2021**, our taxes remain unfair.
- **Small and low-margin businesses also bear the brunt of unfair taxes** as the B&O tax is on gross receipts rather than profits. Businesses also pay regressive sales and property taxes.
- **While we are one of the wealthiest states, funding of the public good hasn't kept up to meet the needs of the 99%.** State spending relative to wealth has declined since the 1980s.



5 progressive reforms we can make now for fairer taxes and stronger communities

- 1 Tax the wealth of the ultra-wealthy**
Rep. Frame's HB 1406 Raises ~\$2.5 billion/year
- 2 Reform the state estate tax**
- 3 Close the inheritance tax loophole**
- 4 Eliminate Legal Fines and Fees (LFOs)**
High rates of interest penalize low-income people
- 5 Reduce targeted property taxes to prevent displacement**



It will take holistic reform to make Washington's tax code progressive, ample, and sustainable.

You have a role to play.

The Legislature's Tax Structure Work Group has created the scenarios shown below. These aren't exhaustive. Rather, they are intended to illustrate possible alternatives to our current regressive and insufficient system and to spur public discussion.

SCENARIO A	SCENARIO B	SCENARIO C
<p>Property Tax</p> <p>Change the 1% revenue limitation</p>	<p>Wealth Tax</p> <p>+</p> <p>↓ Property tax</p>	<p>Employer compensation tax</p> <p>+</p> <p>Value added tax on businesses</p> <p>+</p> <p>Eliminate B&O tax</p>
<ul style="list-style-type: none"> Allows total property tax collections to go up by more than 1% year-over-year Property taxes are regressive 	<ul style="list-style-type: none"> Decreases regressive property tax and taxes the intangible wealth (assets like stocks) of billionaires, making this very progressive 	<ul style="list-style-type: none"> The VAT and employer compensation tax are more progressive than the B&O Multiple revenue sources are needed to replace B&O revenue
SCENARIO D	SCENARIO E	SCENARIO F
<p>Employer compensation tax</p> <p>+</p> <p>Margins tax on businesses</p> <p>+</p> <p>Eliminate B&O tax</p>	<p>Flat rate personal and corporate income tax</p> <p>+</p> <p>↓ Property tax</p> <p>↓ Sales tax</p> <p>+</p> <p>Eliminate B&O tax</p>	<p>Progressive personal and corporate income tax</p> <p>+</p> <p>↓ Property tax</p> <p>↓ Sales tax</p> <p>+</p> <p>Eliminate B&O tax</p>
<ul style="list-style-type: none"> The margins (i.e. profits) tax and employer compensation tax are more progressive than the B&O Multiple revenue sources are needed to replace B&O revenue 	<ul style="list-style-type: none"> Replaces and reduces regressive taxes with an income tax More fair system than the status quo for individuals and business 	<ul style="list-style-type: none"> Replaces and reduces regressive taxes with a progressive tax Progressive income taxes are among the most fair and sustainable over time

We can't keep fiddling with the levers of an insufficient and unfair system and expect different results.

It's time we reform our tax code and amply fund our public services so all Washington's families can thrive.



Sign up for a Tax Townhall today