
TRUMP-PROOF SEATTLE: UNITE FOR TAX JUSTICE

March 1, 2017



SEATTLE WOMXN'S MARCH

A WELCOMING CITY

“In 2015, Seattle received \$85.3 million in federal funding, according to the mayor’s office. Of that, nearly \$40 million went to the city’s Human Services Department. About \$15 million went to the city’s transportation department, \$12 million to the Office of Housing, and \$9.4 million to the Seattle Police Department. The rest went to the fire department, public utilities, parks department, and Office of Economic Development.”

- Heidi Groover, Slog

SEATTLE AT A CROSSROADS



MCLEARY DECISION, 2012

- “It is the paramount duty of the state to make ample provision for the education of all children residing within its borders, without distinction or preference on account of race, color, caste or sex.” - *Washington State Constitution*
 - “The word ‘ample’...provides a broad constitutional guideline meaning fully, sufficient, and considerably more than just adequate. Ample funding for basic education must be accomplished by means of dependable and regular tax sources. The State has not complied with its...duty to make ample provision for the education of all children in Washington.” - *McCleary v. State*
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ALMOST THE WORST FOR MENTAL HEALTH

“According to a 2016 report from national nonprofit Mental Health America, there is only one state worse at caring for mentally ill adults than Washington, as judged by the amount of need versus access to care. While the problem predates the Great Recession, that economic downturn led to cuts throughout the system, many of which the state is just beginning to reverse.”

- Drew Atkins, Crosscut (2016)

NOT MEETING CLIMATE GOALS

“ . . . we are not currently on pace to meet our 2030 climate goals. We know we must scale up the pace of our emissions reductions . . . ”

- Jessica Finn Coven, Director, Seattle Office of Sustainability and Environment

- Goal – Reduce core emissions 58% from 2008 levels by 2030. Zero them out by 2050.
 - Accomplished – Emissions down 6% from 2008-2014 (most recent inventory)
 - Critical needs to reach goals:
 - Mass-scale building energy efficiency retrofits, especially for rental and multifamily housing
 - Affordable housing in areas well served by transit
 - Much improved transit service
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ITEP's Terrible 10 Most Regressive State & Local Tax Systems

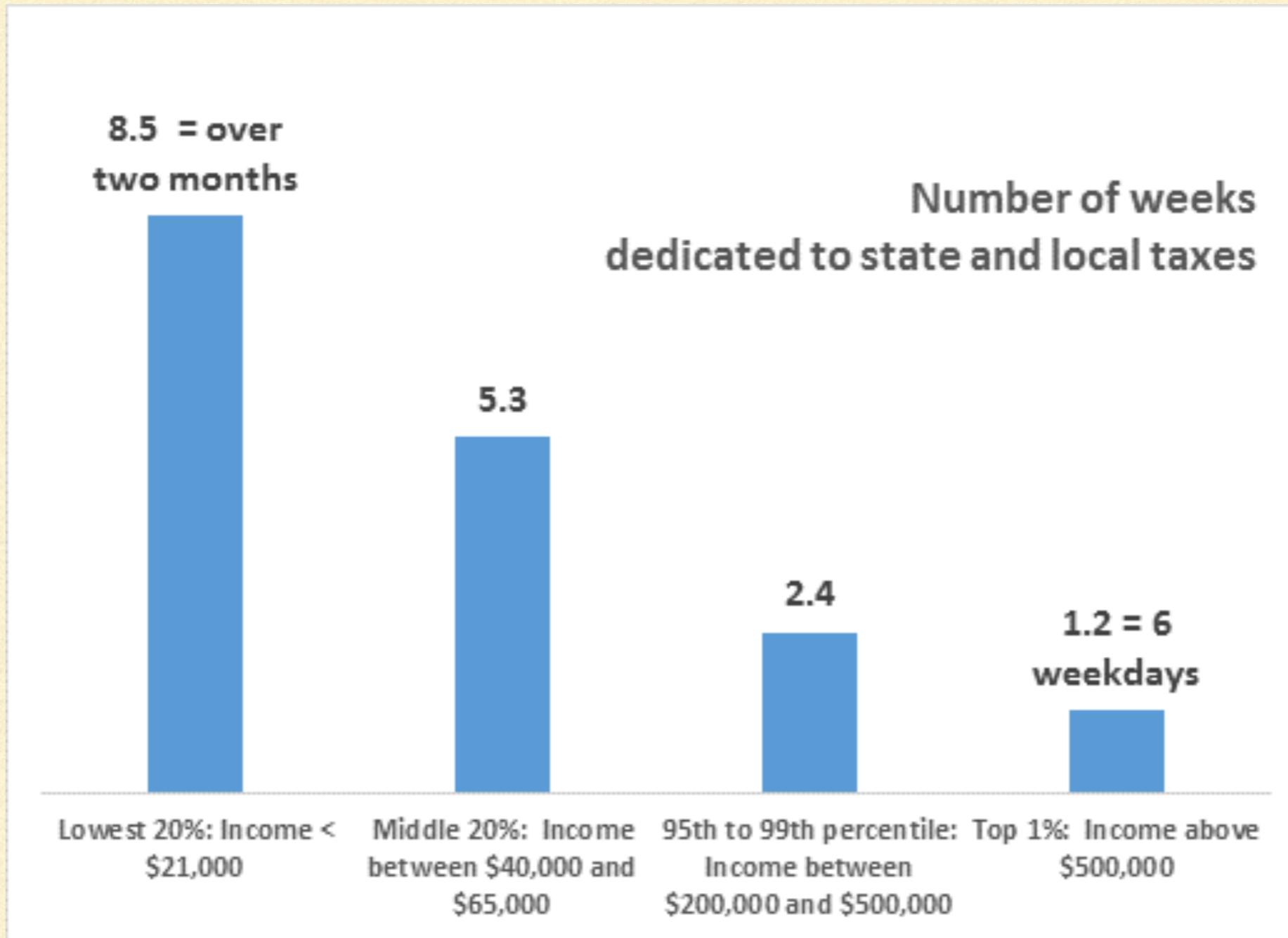
Taxes as shares of income by income for non-elderly residents

Rank	State	Taxes as a % of Income on			Ratio of	
		Poorest 20%	Middle 60%	Top 1%	Poor to Top 1%	Middle to Top 1%
1	Washington	16.8%	10.1%	2.4%	686%	412%
2	Florida	12.9%	8.3%	1.9%	666%	429%
3	Texas	12.5%	8.8%	2.9%	435%	307%
4	South Dakota	11.3%	7.9%	1.8%	616%	431%
5	Illinois	13.2%	10.9%	4.6%	289%	238%
6	Pennsylvania	12.0%	10.1%	4.2%	286%	241%
7	Tennessee	10.9%	8.4%	3.0%	365%	280%
8	Arizona	12.5%	9.5%	4.6%	272%	207%
9	Kansas	11.1%	9.2%	3.6%	310%	258%
10	Indiana	12.0%	10.6%	5.2%	231%	204%

Note: States are ranked by the ITEP Tax Inequality Index. The ten states in the table are those whose tax systems most increase income inequality after taxes compared to before taxes. See page 134 for a full description of the Index. Total taxes as a share of income are post-federal offset.

OUR STATE HAS THE #1 MOST REGRESSIVE TAX SYSTEM IN THE NATION - BY A LOT!

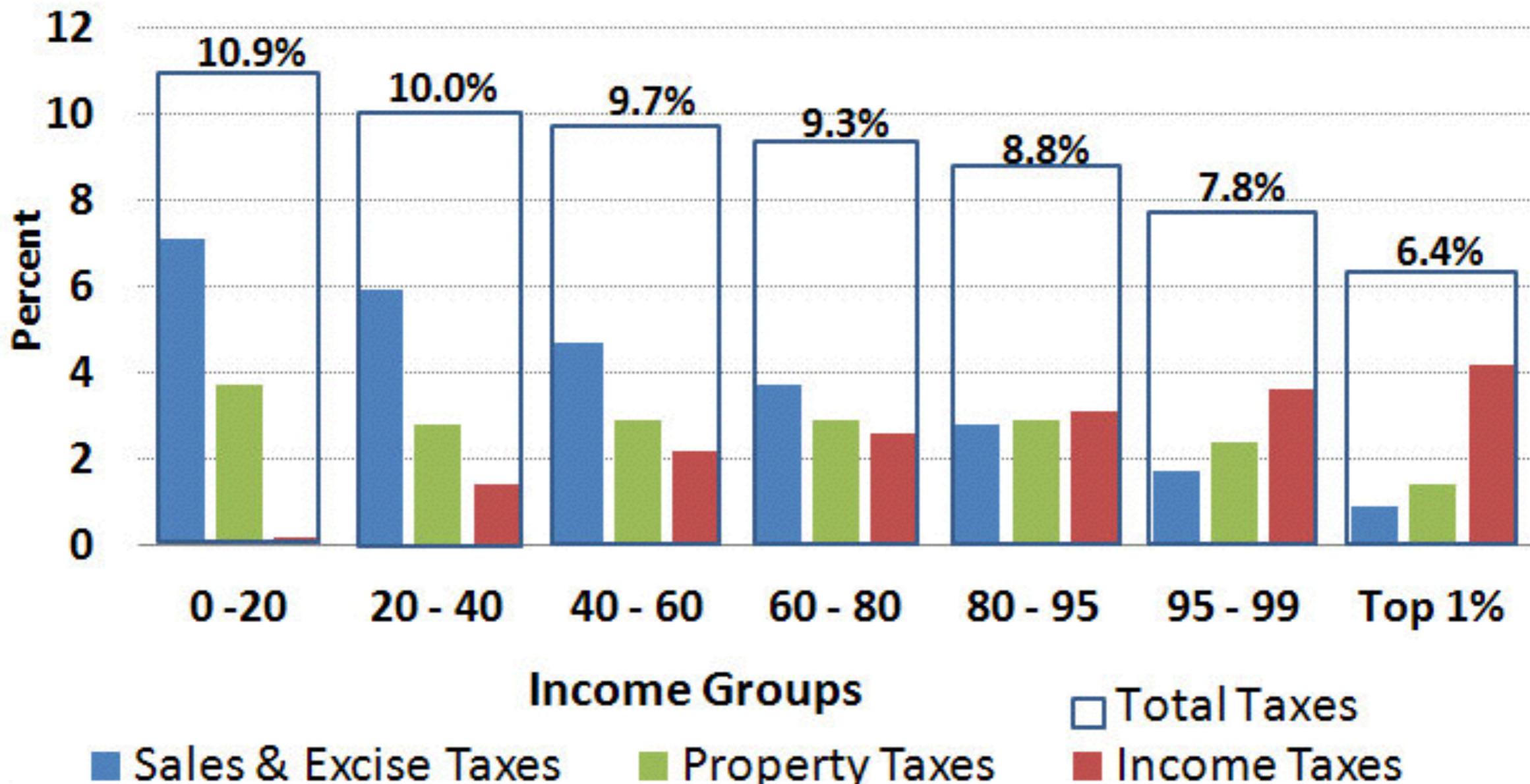
Chart is from the Institute on Taxation and Economic Policy, <http://itep.org>. Data from 2015.



WORKING HARD TO PAY TAXES

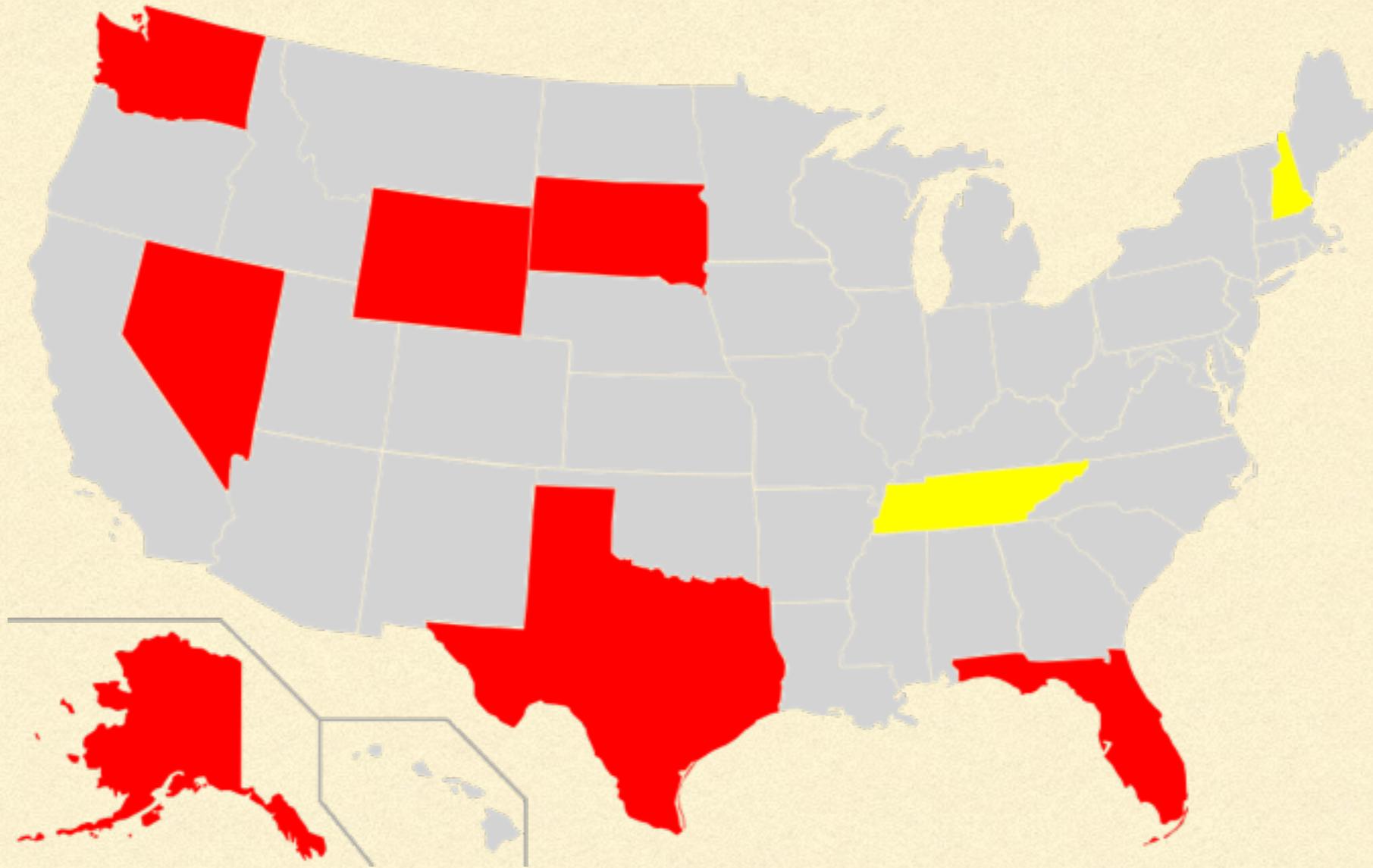
Graph created by the Economic Opportunity Institute (EOI)

Average Effective State & Local Taxes for All States for Different Income Groups, 2007



Source: ITEP

By Guest2625 - Own work, CC BY-SA 3.0, <https://commons.wikimedia.org/w/index.php?curid=19810107>



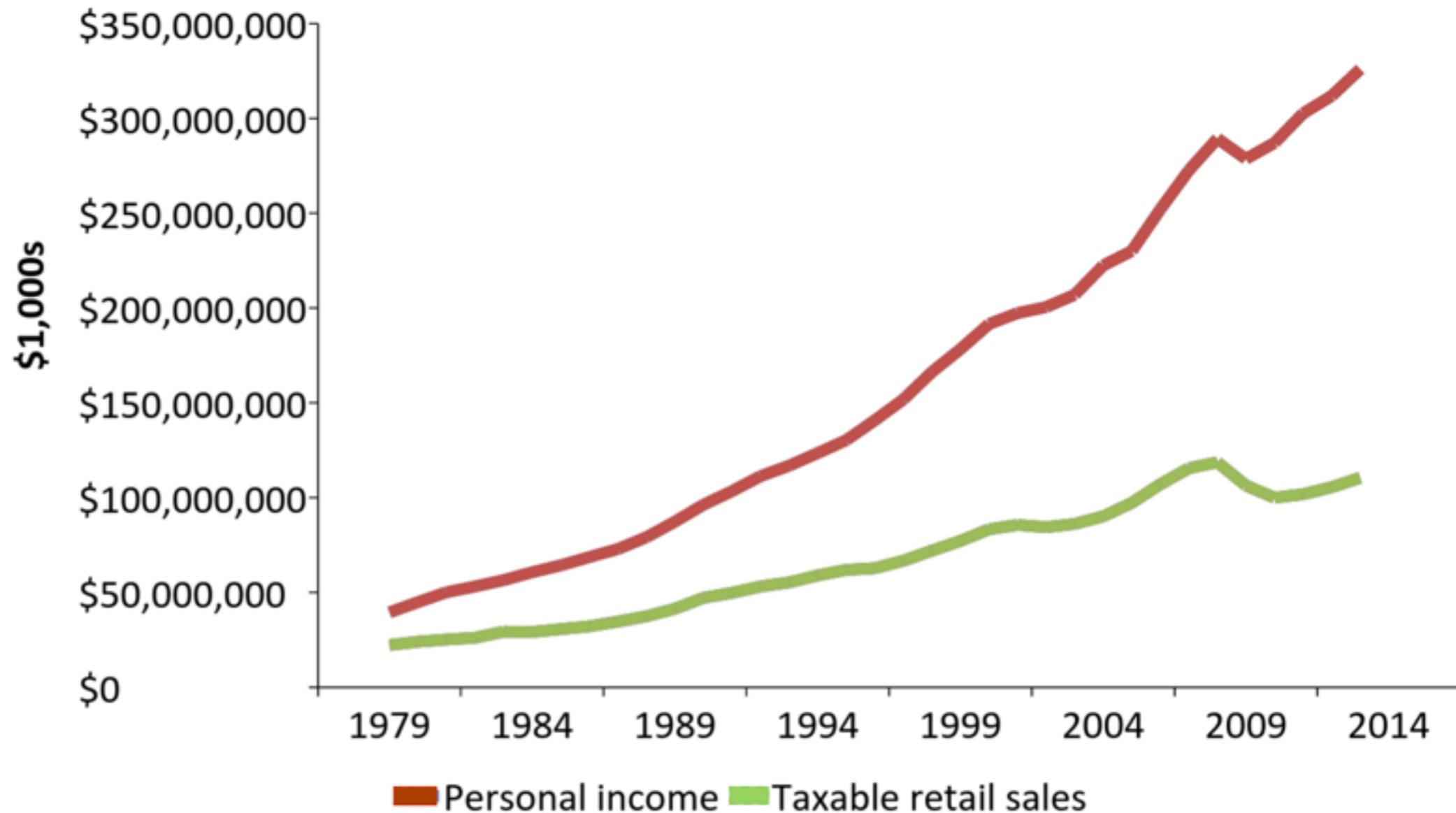
STATES WITH NO INCOME TAX

The seven states in red have no tax on income

States in yellow tax only dividend and interest income

We are leaving a lot of money on the table!

Personal income is growing much faster than sales tax base in WA

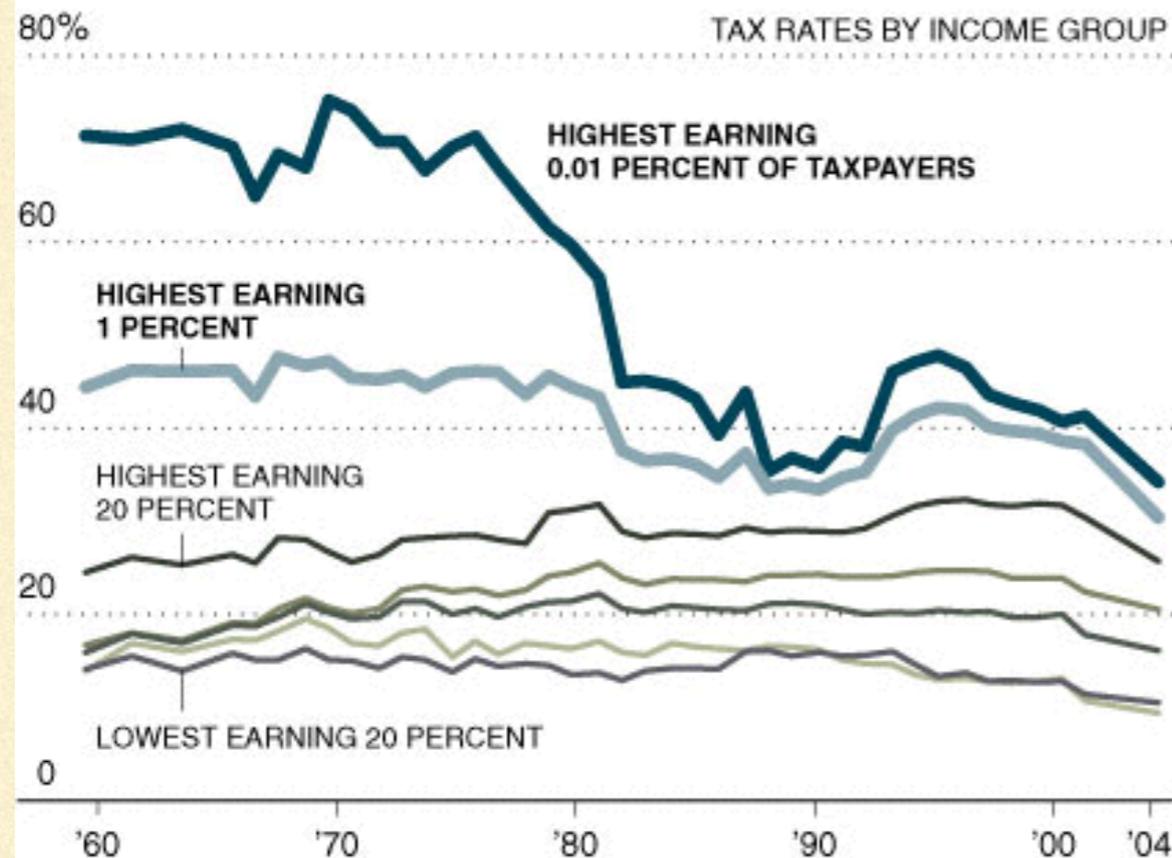


Sources: U.S. Bureau of Economic Analysis, Washington Economic and Revenue Forecast Council
www.edisonline.org

WEALTHY PEOPLE USED TO PAY MUCH HIGHER TAXES

Shifting the Tax Burden

Compared with the 1960s, the highest and the lowest earners pay a smaller share of their income in federal taxes, while those in the middle pay somewhat more.



Numbers include income taxes, capital gains taxes, payroll taxes, estate taxes, gift taxes and corporate taxes (which are effectively paid by stockholders). 2004 tax rates are based on 2004 tax law applied to 2000 income adjusted for income growth.

Source: Thomas Piketty and Emmanuel Saez

THE NEW YORK TIMES

- This graph shows the changing burden of federal taxes from 1960 through 2004.
- While most state tax systems are regressive, the federal tax system is now mildly progressive - but it used to be much more so!

A SEATTLE TAX MEASURE?

- A 2.5% tax on *unearned income*, comprising capital gains, interest and dividends.
 - Applying only to households with total (adjusted gross) income over \$250,000.
 - EOI estimates that this would affect between 5% and 10% of Seattle households and generate around \$100M per year.
 - Pave the way for action in other cities and statewide!
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THE OPPORTUNITY TO LEAD

