



ACCOUNTABLE WASHINGTON

A BOLD, EQUITABLE PLAN TO FUND THE FOUNDATIONS THAT MAKE US
THRIVE



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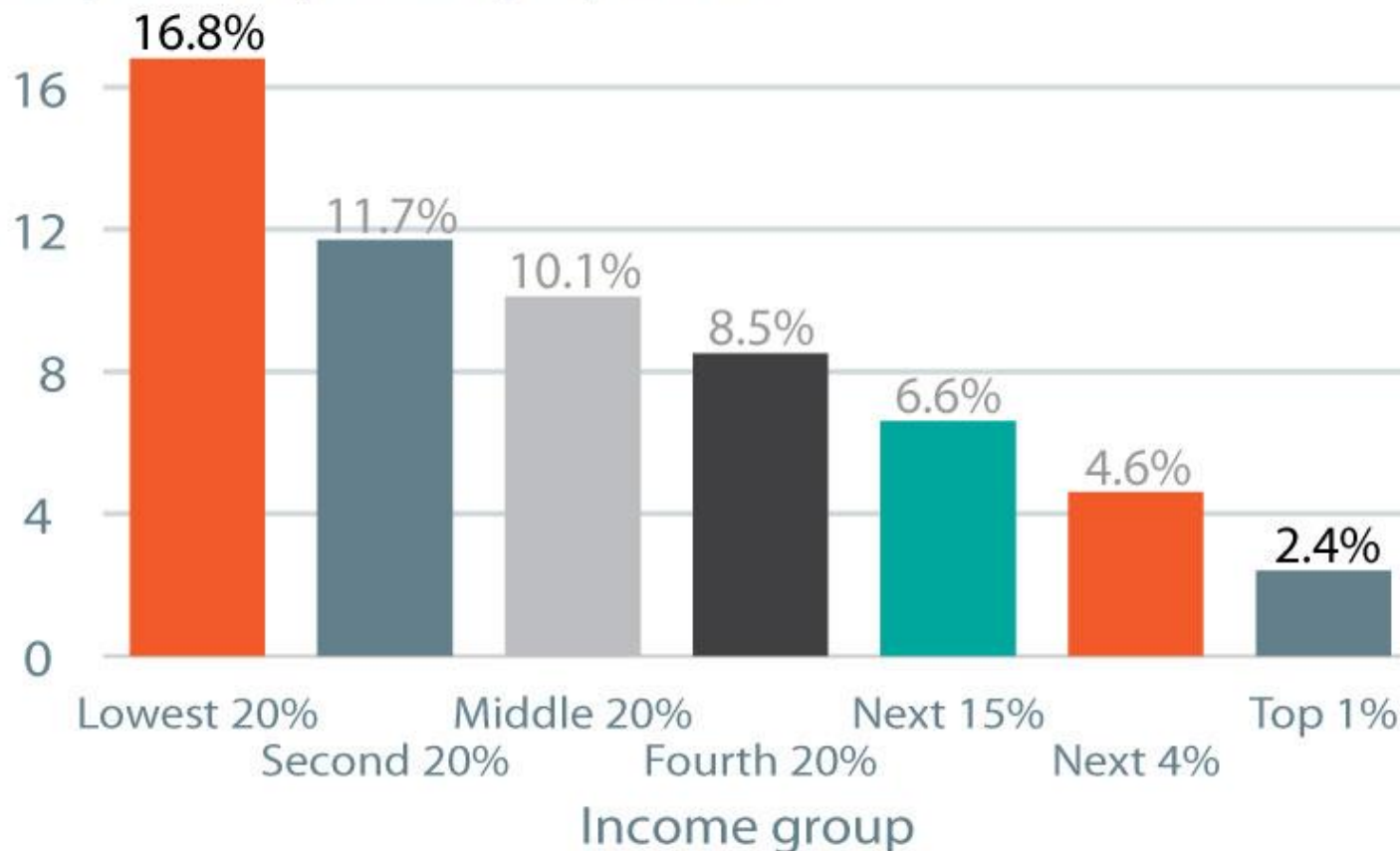
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THE CURRENT SYSTEM



Washington State's Tax System Is Upside Down

Washington state and local taxes as a share of family income by income group in 2015.



SOURCE: Institute on Taxation And Economic Policy



Goals

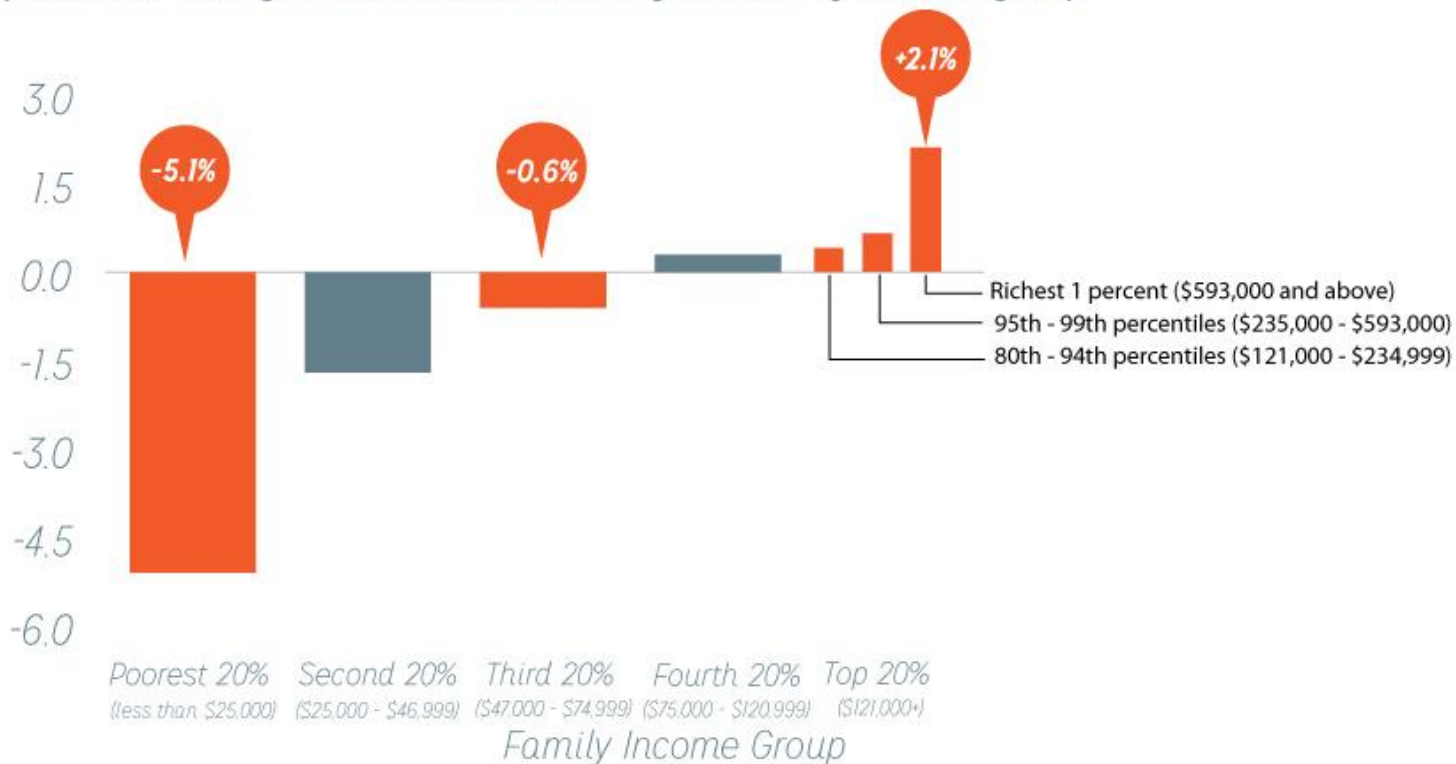
- **Lead with equity** by reducing taxes for households making \$75,000 or less.
- **Generate \$4 billion per biennium** in new revenue for schools, other priorities from equitable sources.

REBALANCING OUR TAX CODE



Accountable Washington Would Begin to Rebalance State Tax System

Proposed tax changes* as a share of family income by income group



SOURCE: Institute on Taxation and Economic Policy

*tax changes include: \$1.54/\$1,000 state property tax increase; a circuit breaker/renters' credit available to households with incomes lower than \$75,000 per year; a 9.9% excise tax on capital gains in excess of \$50,000 per year (\$25,000 for singles); and funding the Working Families Tax Rebate at 10% of the EITC.



Raise **\$4 billion** per biennium by:

- **Safeguarding** middle-class and lower-income families & seniors.
- **Eliminating** wasteful tax breaks and arbitrary restrictions that harm schools.
- **Rebalancing** the tax code with a new capital gains tax on the richest 2 percent.



Protect working families and seniors

- Enact a property tax “safeguard credit”
- Fund the Working Families Tax Rebate



PROPERTY TAX SAFEGUARD CREDIT



- Targeted property tax rebate program
- Available to households with incomes under \$75,000 per year.
- Shuts off property taxes at 2% of household income.
- More than 40% of Washington homeowners and renters would benefit

FUND THE WORKING FAMILIES TAX REBATE



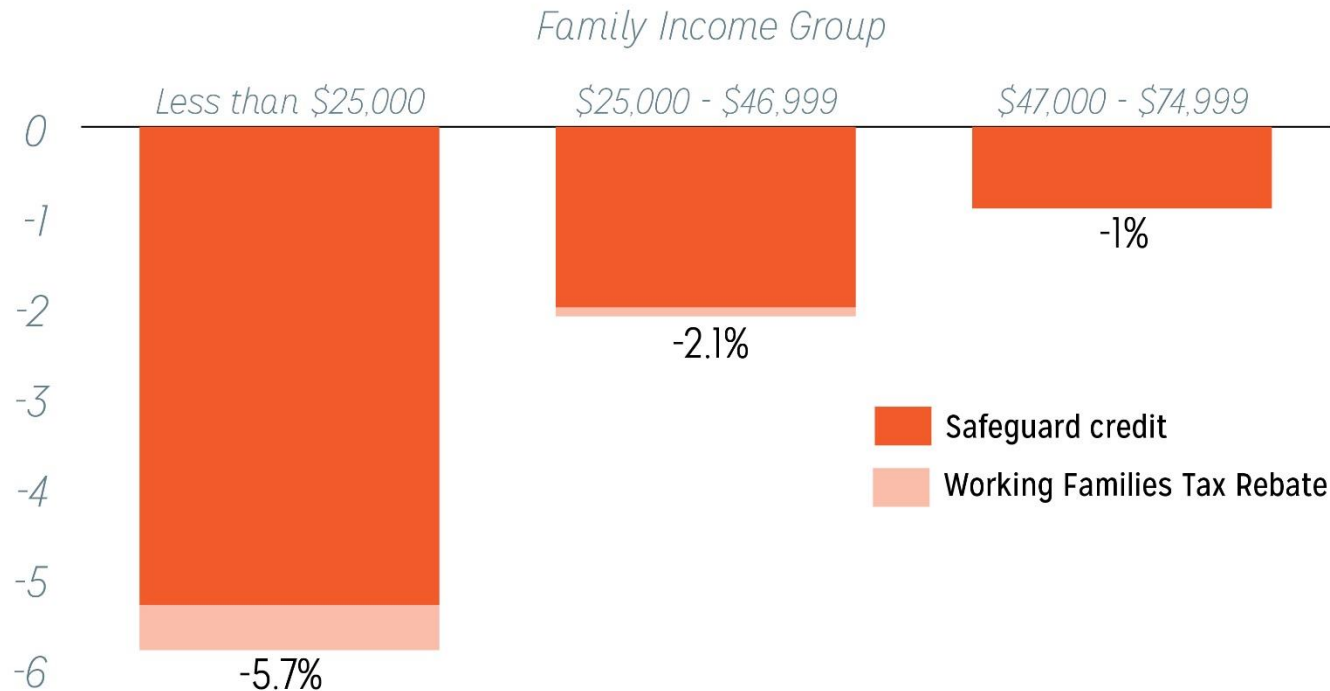
- Based on one of the most powerful federal anti-poverty tools.
- Provides rebates up to \$627 per year.
- Over 400,000 lower-income families would be eligible.
- Promotes better health and education outcomes.
- Only goes to those who work.

PROTECTING THE 60 PERCENT



Safeguard credit and Working Families Tax Rebate would equitably clean up our tax code

Proposed tax changes* as a share of family income by income group



SOURCE: Institute on Taxation and Economic Policy

*tax changes include: safeguard credit available to households with incomes lower than \$75,000 per year with maximum credits between \$1,500 and \$1,000, depending on household income; Working Families Tax Rebate funded at 10% of the EITC.



Raise **\$4 billion** per biennium by:

- **Safeguarding** middle-class and lower-income households.
- **Eliminating** wasteful tax breaks and arbitrary restrictions that harm schools.
- **Rebalancing** the tax code via a new capital gains tax on the richest 2 percent.

ELIMINATE TAX BREAKS & RESTRICTIONS



- **Reset the state property tax rate.**
- **Eliminate the 1% levy growth cap to ensure sustainable resources for schools.**
- **Clean up wasteful tax breaks.**

ELIMINATE 1% LEVY GROWTH CAP



\$4 billion

\$1.6 BILLION IN
LOST REVENUE
IN 2016

\$3

\$2

\$1

1997

2002

2007

2012

2017

- PROPERTY TAX REVENUE WITH 1% CAP
- LOST PROPERTY TAX REVENUE FROM 1% CAP



- **Reset the state property tax rate.**
- **Eliminate the 1% levy growth cap to ensure sustainable resources for schools.**
- **Clean up wasteful tax breaks.**

ELIMINATE WASTEFUL TAX BREAKS



Luxury vehicle trade-ins



\$97 million

Oil refineries



\$43 million

Trucking & rail



\$57 million

Candy, gum, & bottled water



\$127 million

Consumer services



\$294 million



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- **Rebalancing** the tax code with a new capital gains tax on the richest 2 percent.



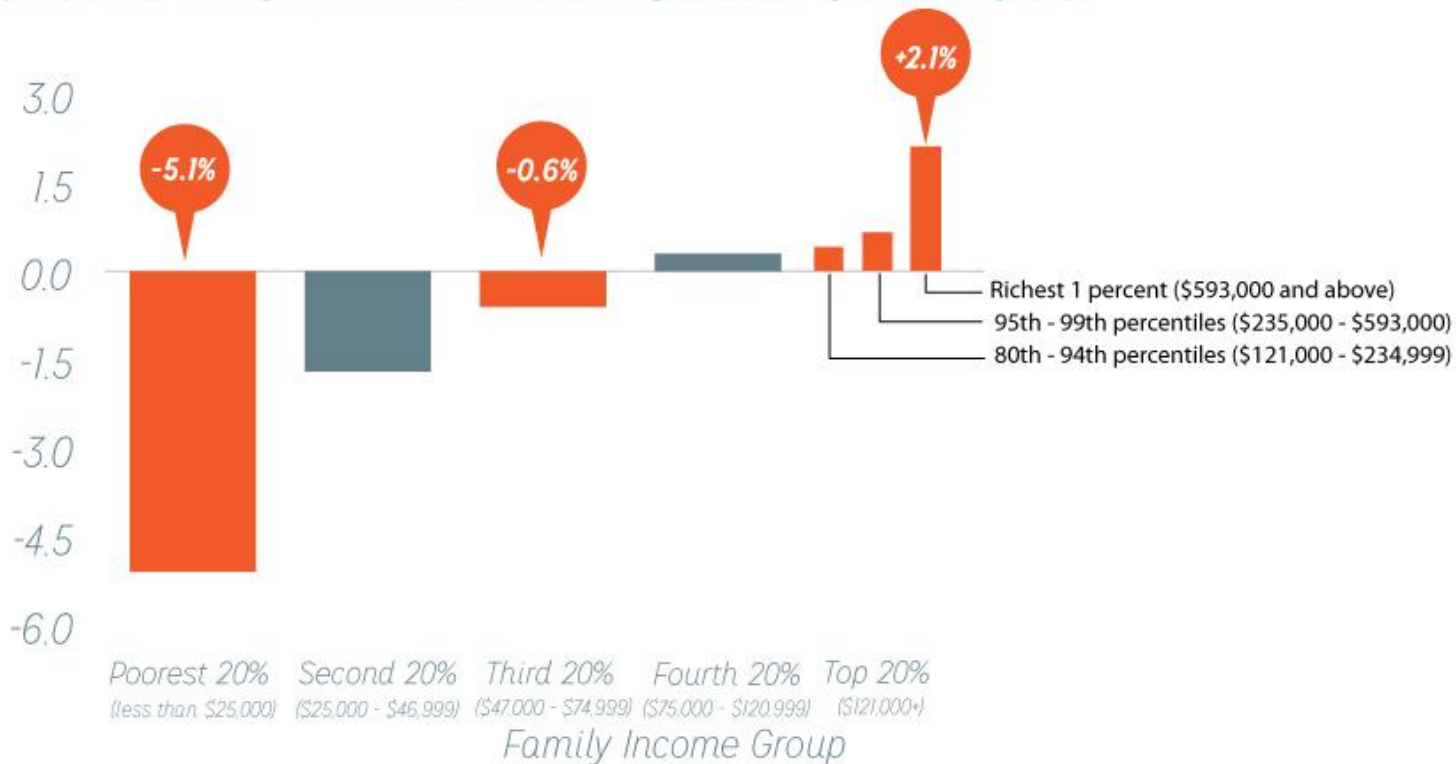
- **Raise resources for schools.** Generate \$2.8 billion for schools, health care, and other priorities with a 9.9 percent tax rate.
- **Improve equity.** Limit the tax to the richest 2 percent by exempting the first \$50,000 (\$25,000 for singles) from taxation.
- **Make the tax code more dependable.** Dedicate a portion to the state “rainy day fund.”

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WHAT CAN YOU DO?



- **Sign up for *schmudget*, the Budget & Policy Center's e-newsletter.**

www.budgetandpolicy.org

- **Get involved with All In For Washington, a statewide effort to change the conversation around revenue reform.**

www.allinforwa.org

THANK YOU!

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