

Accountable Washington

A REVENUE REFORM PROPOSAL



Investments in great schools, access to health care, safe communities, and other priorities are key to a strong economy and quality of life in our state. **The Budget & Policy Center's Accountable Washington revenue reform proposal offers a bold, equitable path to ensuring that our state has the foundations necessary for all Washingtonians to thrive.**

THIS PROPOSAL WOULD HOLD WASHINGTONIANS ACCOUNTABLE TO:



Our kids, who would benefit from significant new revenue annually for their schools.

Households with middle and low incomes would see a sizable reduction in their state taxes.

Our communities, whose individuals, families, and seniors would be better served by public health programs, early learning programs, community colleges and universities, parks, and other programs that serve us all.

ACCOUNTABLE WASHINGTON BY THE NUMBERS

> \$2 Billion



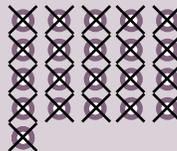
More than \$2 billion in new annual revenue would be infused into schools and our communities.



More than 400,000 families who work hard for low pay would have their taxes reduced by the Working Families Tax Rebate.



The capital gains tax would be paid almost **exclusively by the richest 2 percent of Washingtonians.**



Twenty-one wasteful tax breaks that divert state investments away from important programs would be eliminated or curtailed.



More than 40 percent of homeowners and renters would receive a property tax cut thanks to the safeguard rebate.

Details of the Accountable Washington Proposal

IT REDUCES TAXES FOR MANY WASHINGTONIANS BY:



Providing property tax safeguard rebates for homeowners and renters with middle and lower incomes. For households with annual incomes below \$75,000 per year, a property tax safeguard rebate of up to \$1,500 per year would prevent tax bills from taking too large of a bite out of the family budget. Homeowners would receive rebates on property taxes that exceed a portion of their annual incomes. Renters, who generally pay property taxes as part of their monthly rent, would also be eligible for safeguard rebates.



Fully funding the Working Families Tax Rebate (WFTR). The WFTR is a state version of the Earned Income Tax Credit (EITC), one of the most powerful and commonsense federal policies preventing people who work at low-wage jobs from falling into poverty. It would provide a credit to working families who qualify for the EITC at a 10 percent match of the federal program.

IT ELIMINATES WASTEFUL TAX BREAKS AND PROPERTY TAX RESTRICTIONS THAT DIVERT FUNDING AWAY FROM SCHOOLS AND COMMUNITIES BY:



Purging the tax code of 21 tax loopholes, such as giveaways to the oil industry, large online retailers, and multistate trucking and rail companies. Our proposal would take much-needed steps to clear out the hundreds of tax loopholes built into Washington's tax code that benefit the most powerful while filtering investments away from our communities.



Eliminating a law that arbitrarily restricts annual growth in property tax revenues to a maximum of 1 percent per year. Because of this law, the largest pot of money for schools and local public health and safety investments is only allowed to grow by 1 percent every year. But the underlying costs of keeping our communities strong – such as purchasing fuel for school buses and ambulances, and paying for electricity to heat and power classrooms and fire stations – tend to grow much faster than 1 percent per year. As a result, communities continually fall short of the resources they need.



Resetting the state property tax rate in order to generate at least \$1.5 billion per year for schools. With the property tax safeguard rebate and Working Families Tax Rebate (see above) in place to protect lower- and middle-income households from higher property tax bills, the property tax can be increased to \$3.60 per \$1,000 of assessed value from the projected current rate for 2017 of \$2.06 per \$1,000 of assessed value.

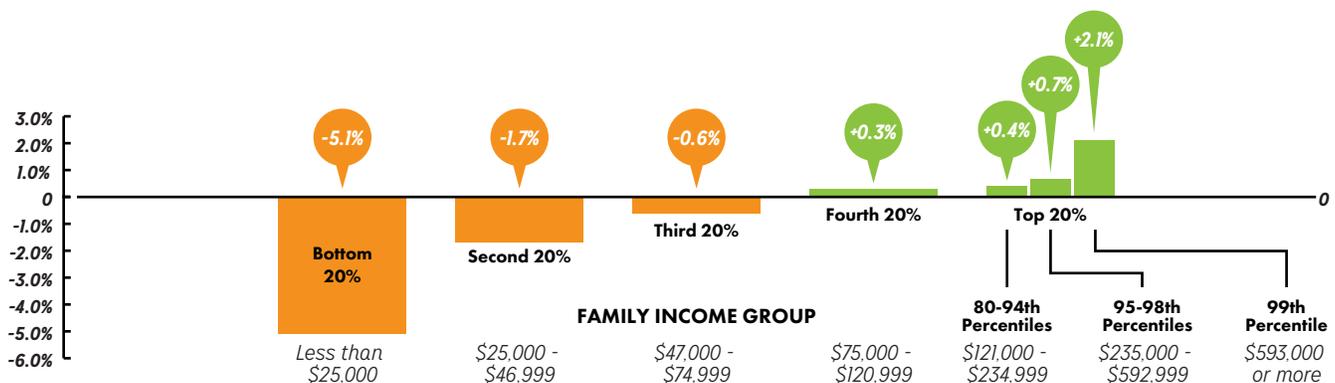
IT REBALANCES THE TAX CODE AND INVESTS IN OUR COMMUNITIES BY:



Enacting a high-end capital gains excise tax. Making our upside-down tax code right-side up means we need to collect more revenue from those most able to pay, to help ensure the code stops relying so heavily on those least able to pay. Enacting a 9.9 percent capital gains tax that would be paid exclusively by a small share (2 percent) of the wealthiest Washingtonians would raise the revenue that Washington state's people and communities need. And it would be an important step to balance out Washington's regressive state tax code.

Accountable Washington Proposal Would Begin to Rebalance Washington's Tax Code

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 property tax safeguard rebate 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.