

Our tax code could be a tool for gender equity:

Working Families Tax Credit, WorkFirst/TANF, and capital gains tax are steps in the right direction

The upside-down (regressive) tax code amplifies gender-based inequities. In Washington, lower-income households pay six times their share of incomes in taxes as the top 1%, and households headed by women are more likely to be in this lowest-income, highest-taxed group.¹ This is because women still face discrimination, are over-represented in low-paying fields, and are paid less than men for the same work. Economic inequities are even more stark for Black, indigenous, and other women of color, people with disabilities, and gender diverse individuals due to added, intersecting layers of discrimination. We can start to address these inequities with the Working Families Tax Credit, WorkFirst/Temporary Assistance for Needy Families (TANF), and a capital gains tax.

Our tax code is upside down



SALES TAXES SQUEEZE PEOPLE WITH LOW INCOMES

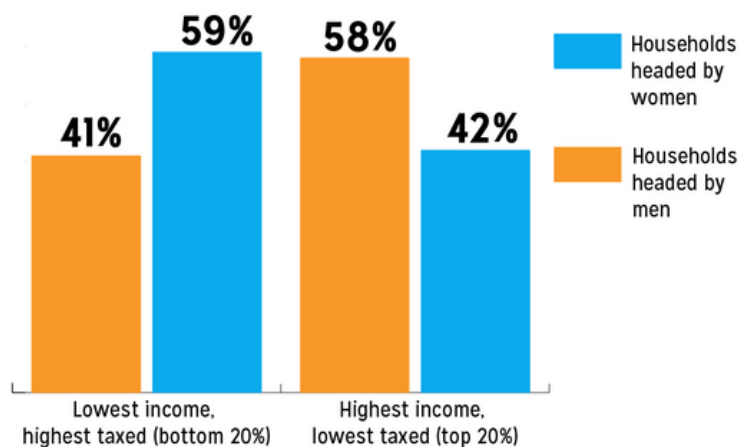
Sales taxes on essential goods like period products and diapers disproportionately impact women, gender-diverse people, and other communities with low incomes.



TAX CODE RIGGED FOR WEALTHY

Meanwhile, without wealth taxes to balance the tax code and invest back into communities, we reinforce inequities by giving tax breaks to the people who need them the least.

Households headed by women are more likely to be lowest-income, highest-taxed



Trans and nonbinary people are also harmed by our tax code

People who are transgender, genderqueer, nonbinary, and two-spirit experience disproportionately greater economic hardship due to persistent discrimination. As a result, gender-diverse people are more likely to earn less and consequently pay a higher share of their incomes in taxes in Washington. According to the 2015 U.S. Transgender Survey, which includes "transgender, trans, genderqueer, and nonbinary people" in its definition of trans:



Source: 2015 U.S. Transgender Survey

Progressive policy options can advance gender equity



WORKING FAMILIES TAX CREDIT

Tax credits like the Working Families Tax Credit have been shown to be good for moms and for maternal health.² Pregnant people who receive the credit have healthier pregnancies. Moreover, cash from the credit can help survivors of domestic violence – who are overwhelmingly women – find stability.³



TARGETED ASSISTANCE PROGRAMS

A broad-based sales tax exemption on essentials like diapers and period products is one strategy to balance the tax code; however, broad-based sales tax exemptions on goods are not the most effective way to reduce the strain of our regressive tax code on people with low incomes. Instead, targeted assistance programs like WorkFirst/TANF would enable people with low incomes to access essentials like diapers.



CAPITAL GAINS & OTHER WEALTH TAXES

A tax on capital gains would help lawmakers pay for tax credits and programs that would benefit women, nonbinary people, and other communities overrepresented among households with low incomes.

Note on data & language

Although Washington state-specific income data that accurately describes people's genders are limited, national surveys and stories help us fill in the gaps. Still, the terminology used by data sources to describe people's gender identities can be limited and/or inconsistent. As a result, the statistics presented here tell a limited story. And in some cases, the numbers don't reflect people's lived experiences. The term "gender diverse" describes a spectrum of genders, including, but not limited to, genderqueer, transgender, nonbinary, and two-spirit people. We welcome feedback and further conversation.

Sources

(1) Text and following graph: Budget & Policy Center Analysis of IPUMS 5 year ACS data, 2017

(2) Markowitz S, Komro K, Livingston MD, Lenhart O, Wagenaar AC. Effects of state-level Earned Income Tax Credit laws in the U.S. on maternal health behaviors and infant health outcomes. *Soc Sci Med.* 2017;194:67-75.

(3) Washington State Coalition Against Domestic Violence. Domestic Violence Housing First One Pager. See: <https://wscadv.org/wp-content/uploads/2015/05/DVHF-One-Pager-Final.pdf>



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