

January 12, 2021

To: Members of the Washington State Senate Ways & Means

From: Washington State Budget & Policy Center

Re: Testimony in Support of 5092

To Chair Rolfes and members of the Committee,

The Washington State Budget & Policy Center, a research organization working to build a just and prosperous future for all Washingtonians, submits this written testimony in support of SB 5092, the Governor's Budget proposal.

Overall, Governor Inslee's proposed 2021-23 budget begins to put Washington on the path to a COVID-19 recovery by prioritizing racial equity, raising progressive revenue, and making important investments that help ensure every person in our state can meet their basic needs. The Washington State Budget & Policy Center voices our strong support for the following components of Governor Inslee's budget proposal:

- **Expanding direct cash assistance to Washingtonians most impacted by COVID-19, structural racism, and economic inequality:** The Governor's proposal strengthens WorkFirst/Temporary Assistance for Needy Families by undoing the program's strict, unjust time limit policy, partially funds a Working Families Tax Credit, and modestly boosts funding for the Immigrant Relief Fund. Increasing direct cash assistance will help build stability for those who are shouldering the greatest health and economic losses of the pandemic, and ensure that all communities are included in our state's economic recovery. We urge the legislature to move beyond the incremental steps outlined here by funding and implementing an updated Working Families Tax Credit/Recovery Rebate that would provide a tax credit of at least \$500 to people with low incomes (including ITIN filers) with more expediency. The legislature should also make a more meaningful investment in the Immigrant Relief Fund, in order to right size the fund to better meet the needs of immigrant communities across our state who have been systematically excluded from other forms of relief.
- **Raising equitable revenue through a capital gains tax:** Here in Washington, the state's wealthiest (and disproportionately white) households have enjoyed some of the lowest tax rates in the country at the expense of communities of people with low incomes. The Governor's proposal of a new, 9% tax on high-end capital gains, would raise more than \$1 billion for community investment in the coming budget cycle and more than \$2 billion in following budget cycles. This can be furthered bolstered by adding new sources of progressive revenue such as a new excise or payroll taxes on the largest and most profitable corporations operating in Washington state, and by raising taxes on multi-million-dollar estates, inheritances, and real estate transactions.
- **Sustaining and expanding critical services that protect collective well-being:** SB 5092 makes important investments in areas like food assistance, affordable housing and rental assistance, and child care. One shortcoming of the Governor's proposal is the proposed reductions to K-12

basic education and higher education. We encourage the legislature to reject reductions in services to students and to put our schools in the best position possible to reopen safely and address the increased needs of our students.

While these elements of the Governor's proposal are critical to safeguard the well-being of people across our state, SB 5092 falls short of the level of bold investment required to truly meet the needs of this moment. We urge the legislature to build on the Governor's proposal by strengthening investments in vital public services and prioritizing resources to the Black, Indigenous, and communities of color who are most impacted by the health and economic crises. This includes supporting the self-determination of communities of color in advancing their own solutions – including the calls from Black communities for community investments, police accountability, and the defunding and demilitarization of police; funding the Communities of Concern Commission's operating and capital budget requests, to support the growth of financial capital assets in Washington's communities of color; and addressing violence against Native women and girls by convening a statewide taskforce on Missing and Murdered Indigenous Women and Girls (MMIWG).

Thank you for your time and thoughtful consideration.