



# 3 REASONS To Vote ON 2109

# NO



## Initiative 2109 benefits Washington’s wealthy few at the expense of our children

Initiative 2109 would give the wealthiest 0.2% of Washingtonians an unnecessary tax cut and eliminate over \$5 billion in critical funding for child care, early learning, and school construction in the next six years. It undoes one of the most equitable fixes to our state tax code in 90 years – the capital gains excise tax. (For more information on who pays the capital gains excise tax and what financial assets are impacted by the tax, [review our capital gains tax FAQ.](#))

### 1. SAY NO to eliminating funding for early learning

The revenue from the capital gains tax not only bolsters Washington’s public education system, but also ensures families living on low incomes have access to quality child care and early learning resources. Parents across the state have highlighted the need for more of these resources, particularly in rural areas.<sup>1</sup> The passage of the tax made possible groundbreaking investments in early learning included in the 2021 Fair Start for Kids Act – like caps on co-pays for Working Connections Child Care, new state-funded preschool slots, and trauma-informed care supports to aid early childhood providers.

Child care and early learning services are critical for children’s development. A range of research demonstrates the positive impacts of quality care from a young age. A child’s access to child care and early learning improves brain development, school readiness, and health outcomes.<sup>2</sup> Without adequate state funding, families will be left with a patchwork of early learning providers – where only families that can afford to pay can receive quality child care. Children deserve access to education and care, regardless of their family’s income.

A **NO** on I-2109 is a **YES** to accessible, affordable, and equitable child care and early education.

### WHY FUNDING CHILD CARE AND EARLY LEARNING IS GOOD FOR OUR FUTURE

Research shows that when parents have equitable access to affordable child care and early learning, it improves outcomes for their kids throughout their lifetimes in the following areas:



School readiness



Brain development



Improved nutrition



Social skills



Graduation rates



Increased lifetime earnings

1. Crosscut, (2022), "Ways to fix the child care system in Washington state." <https://crosscut.com/news/2022/01/ways-fix-child-care-system-washington-state>

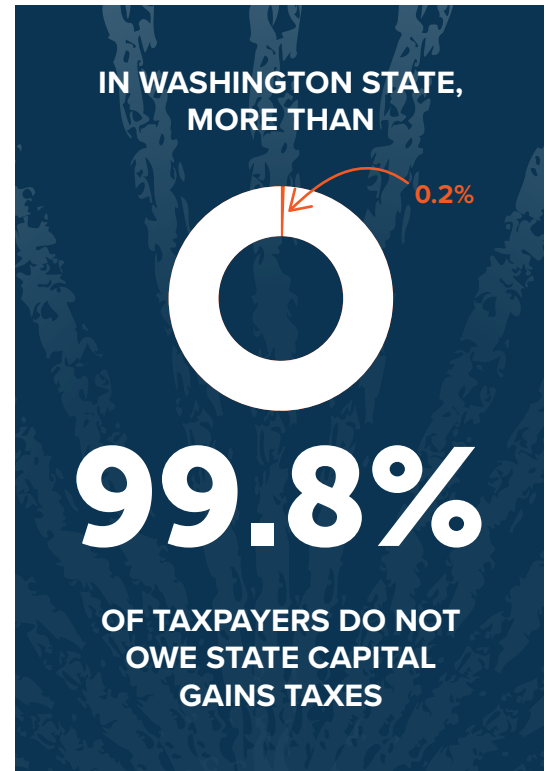
2. U.S. Department of Health and Human Services, "Early childhood development and education." <https://health.gov/healthypeople/priority-areas/social-determinants-health/literature-summaries/early-childhood-development-and-education>

## 2. SAY NO to catering to the wealthy few

In 2023, fewer than 4,000 households filed capital gains tax returns in Washington. Despite these low numbers, the tax brought in more than double the revenue anticipated. It generated nearly \$900 million in revenue in one year.<sup>3</sup> What does the first year of tax returns tell us? There is extraordinary, concentrated wealth in Washington among people who have, for too long, not paid their share in taxes.

In Washington, more than 99.8% of tax filers do not profit enough from capital gains to require a capital gains tax payment.<sup>4</sup> Households filing capital gains tax returns are overwhelmingly based in the wealthiest neighborhoods of King County. Those households generated 84% of capital gains tax revenue in the first year.<sup>5</sup> For the vast majority of people in Washington, the capital gains tax results in better-resourced communities at no cost.

A **NO** on I-2109 is a **YES** to prioritizing the well-being of all state residents.

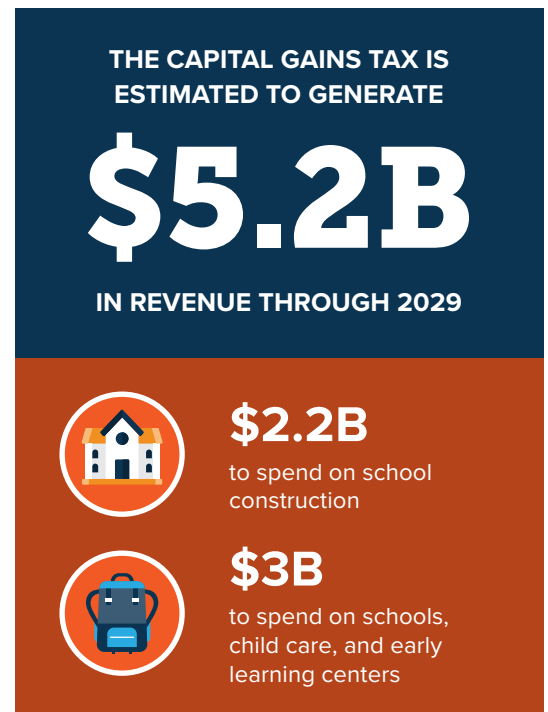


## 3. SAY NO to draining school budgets

Investment in education sets a strong foundation for children's social, economic, physical, and emotional development. However, across the state, school districts are facing budget shortfalls and are making difficult choices about which schools to keep open, which teachers and staff to keep on the payroll, and which courses and programs the districts can afford to offer.<sup>6</sup>

Eliminating the capital gains excise tax now would send school districts scrambling. Revenue from the capital gains tax supports public education, child care, early learning, and school construction projects. The Washington State Office of Financial Management estimates that the capital gains tax will generate over \$5.2 billion in revenue through 2029.<sup>7</sup>

A **NO** on I-2109 is a **YES** to prioritizing funding for Washington's schools and school-aged children.



3. Washington State Department of Revenue, (2024), Capital gains excise tax generates \$896 for education, school construction.  
<https://dor.wa.gov/about/news-releases/2024/capital-gains-excise-tax-generates-896-million-education-school-construction>

4. Washington State Department of Revenue (2024), Net capital gains tax payments.  
<https://dor.wa.gov/taxes-rates/other-taxes/capital-gains-tax/net-capital-gains-tax-payments>

5. Washington State Budget and Policy Center calculation of Washington State Department of Revenue data (2024), Net capital gains tax payments.  
<https://dor.wa.gov/taxes-rates/other-taxes/capital-gains-tax/net-capital-gains-tax-payments>

6. The Seattle Times, (2023), "Why schools across the state are slashing their budgets."  
<https://www.seattletimes.com/education-lab/why-schools-across-the-state-are-slashing-their-budgets/>

7. The Office of Financial Management, (2024), "Multiple Agency Fiscal Note Summary, 2109" pg. 2-3.  
<https://fnspublic.ofm.wa.gov/FNSPublicSearch/GetPDF?packageID=70893>

The Washington State Budget and Policy Center is a research and policy organization that works to advance economic justice for everyone in Washington.

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