

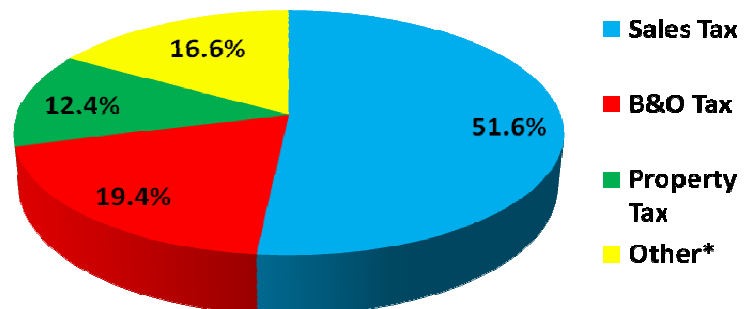


The 3 Major General Fund Taxes

Most of the money the state uses to pay for services comes from the 3 major state taxes of the General Fund: sales tax, the Business and Occupation (B&O) Tax, and property tax.

1. **Retail Sales Tax:** “Retail sales taxes are added to the selling price of most goods sold for consumption, such as clothing, movies, cars, and construction. Some services, such as haircuts and dry cleaning, are taxed.”ⁱ Other services, such as lawyers’ fees, are excluded from the retail sales tax.ⁱⁱ “Food and prescription drugs are currently exempt.”ⁱⁱⁱ
 - “The tax rate levied by the state is 6.5%. Local jurisdictions are authorized to add local sales taxes, not to exceed an additional 3.1%.”^{iv}
 - Of the 3 major General Fund taxes, sales tax generates the greatest revenue and accounts for approximately half of all General Fund State revenues.^v
2. **Business and Occupations Tax:** “The B&O Tax is a tax on the gross receipts of a business, unrelated to any profit.”^{vi} “It is measure by gross sales, gross income, or the value of products made within the state.”^{vii}
 - This tax “treats corporate and non-corporate business alike,” but it also “imposes a heavy burden on startup firms and those with low or no profits.”^{viii}
3. **Property Tax:** Property taxes are based “on the value of real property (land and buildings) and personal property (moveable items like business equipment and machinery) owned by individuals and businesses.”^{ix}
 - “Everyone in a jurisdiction pays the same rate. People with higher value property and more property pay more taxes.”^x

General Fund State Revenues



* Other includes the real estate excise tax and revenues from liquor, tobacco, lottery, etc.^{xi}



ⁱ League of Women Voters of Washington (LWVWA) Civic Engagement Project (CEP), *Description of the Three Major General Fund Taxes*, 2009, p. 1.

ⁱⁱ *Ibid.*

ⁱⁱⁱ *Ibid.*

^{iv} *Ibid.*

^v State of Washington Office of Financial Management (OFM), Budget Division, *Washington State Budget Process*, June 2008, p.4.

^{vi} LWVWA CEP, *op. cit.*

^{vii} *Ibid.*

^{viii} *Ibid.*, p. 2.

^{ix} *Ibid.*

^x *Ibid.*

^{xi} State of Washington OFM, *op.cit.*