

2019 ISSUE PAPER: ADEQUATE AND FAIR REVENUE

Position statement

Inequalities in the distribution of the tax burden should be removed. Ability to pay is an important criterion. Flexibility and recognition of changing times and needs is important in tax policy. Only broad general principles of taxation should be included in the constitution. Income should be part of the tax base preferably through a graduated net income tax. The sales tax should not be levied on food. Business should be taxed on net income rather than gross receipts.

Recessions are the standard, not the exception under capitalism: Washington State has experienced 12 recessions since statehood in 1889. Recessions increase economic inequalities—those with means can capitalize on low interest rates and low land prices to increase their wealth, while those already struggling may be further pushed down by loss of employment and their homes. In 2008, we had one of the worst economic recessions in our State’s history. In a time of high unemployment and business failures, the result was large revenue losses from regressive sources like the sales tax. To balance the budget (as required by the Constitution), the Washington Legislature implemented significant budget cuts to many programs and services designed to help the very people impacted by severe recessions.

Summary of Issues for the 2019 Legislative Session

Economists use the term “regressive” to describe the distribution of the taxes when lower- and middle-income taxpayers pay a higher percentage of their personal incomes in taxes than wealthy taxpayers. Fair and adequate revenue is a better alternative for the well-being of people in our state.

We will support legislative proposals:

- to tax capital gains thereby making our tax system less regressive
- to close tax loopholes that do not clearly benefit the people of WA state
- to make tax breaks given to businesses transparent to the public
- to make the business and occupation (B&O) taxes less onerous on small businesses
- to fund the already approved Working Families Tax Rebate program

We will watch and question legislative proposals:

- to add regressive taxes such as: sales, gas, fees for services, tolls, entrance fees
- to increase our state debt load to unsustainable levels

We will oppose legislative proposals:

- to reduce or eliminate programs that protect democracy, regulate pollution, protect public health, safeguard natural resources and the environment or protect the future against inevitable economic downturns as a means to balance the budget
- to change the WA State Constitution to require 2/3 votes to raise taxes or fees thereby empowering 1/3 of legislators to stop any proposals

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