



TRUMP-PROOF SEATTLE BY TAXING THE RICH

January 28, 2017

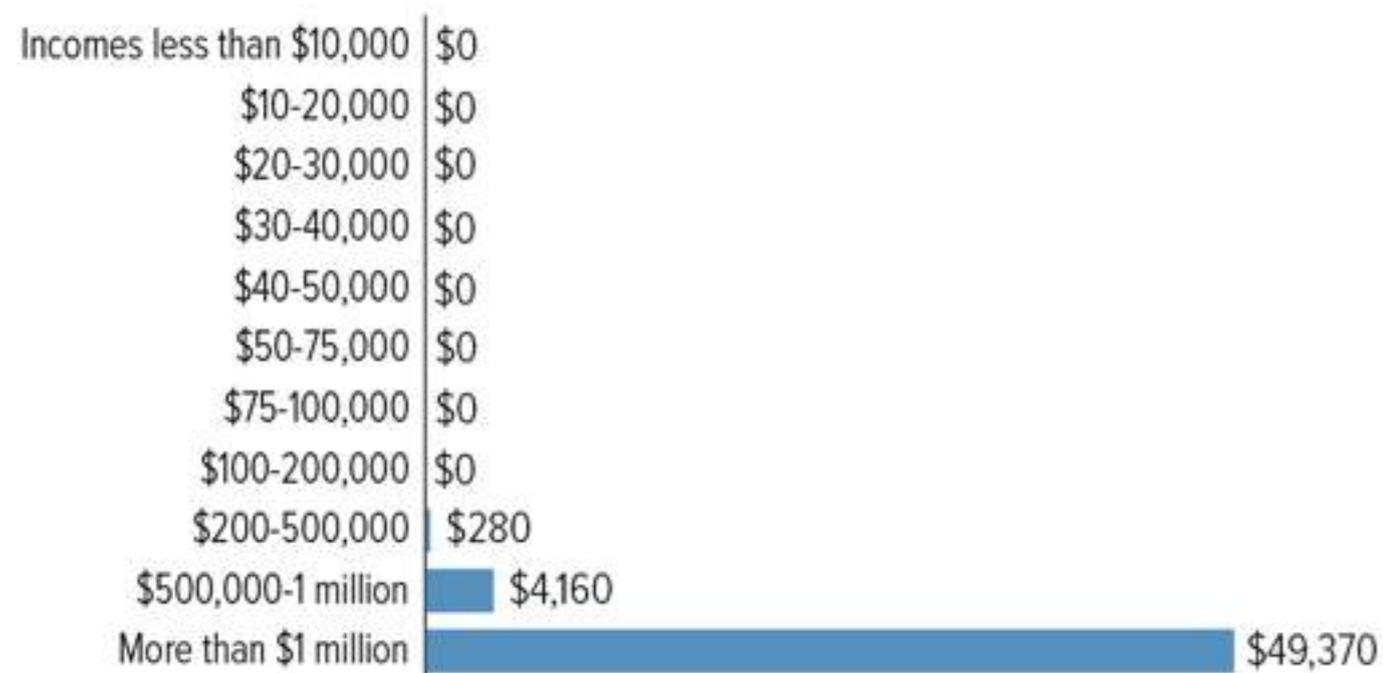


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OBAMACARE REPEAL = TAX CUTS FOR THE WEALTHY

Eliminating Two Health Reform Medicare Taxes Helps Only High-Income Filers

Average tax cut by income group, 2017



“Obamacare is a complicated law with lots of interlocking parts that make it tricky to understand. But one of the core, very simple things it did was raise taxes on the wealthy in order to fund subsidized health care for more Americans. Couples earning more than \$250,000 saw a 0.9 percent increase in their top Medicare tax rate, as well as a new, 3.8 percent Medicare surtax on investment income.

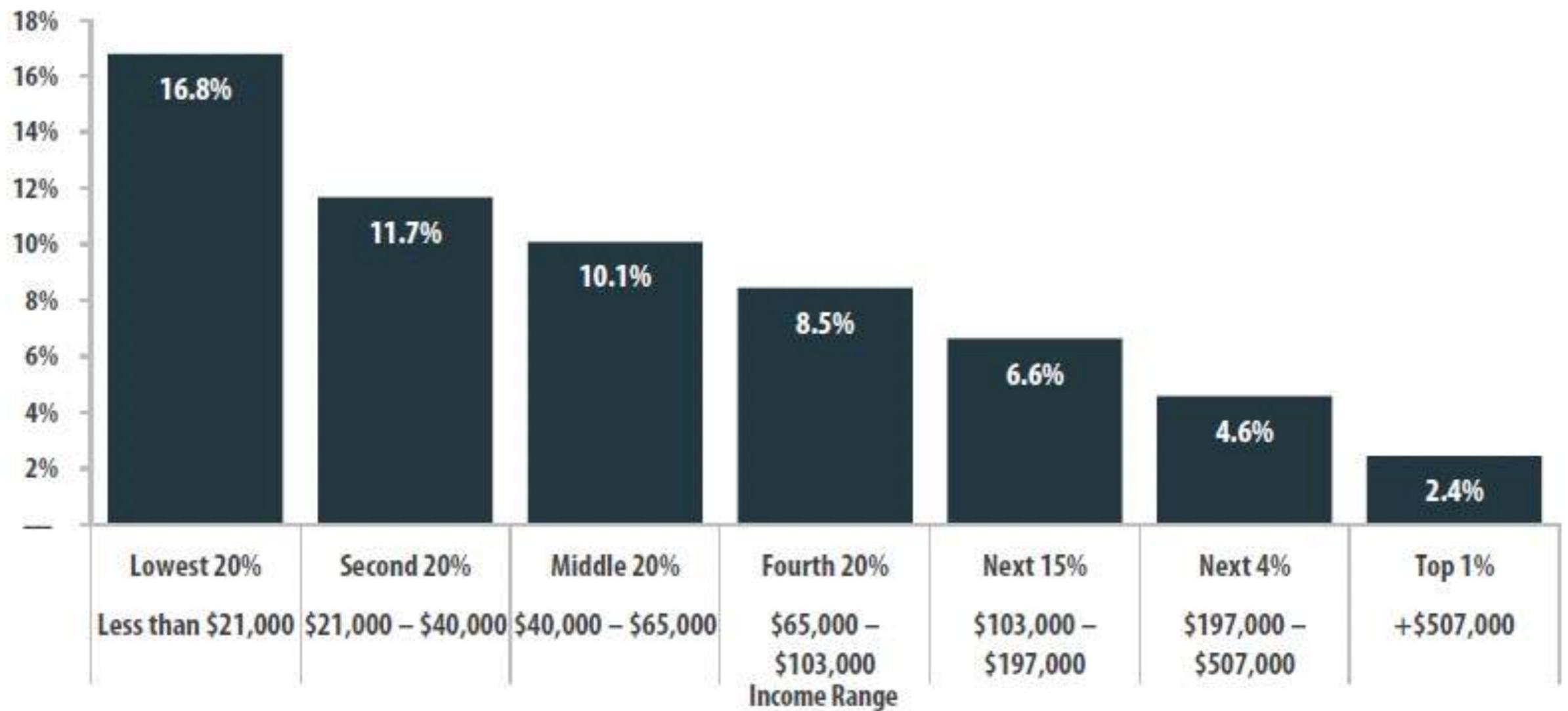
“If Republicans have their way and successfully repeal the Affordable Care Act, those two taxes will be toast—which will mean a substantial break for some of the country's wealthiest families.”

- Jordan Weissmann, slate.com

Center on Budget and Policy Priorities,
<http://cpbb.org>

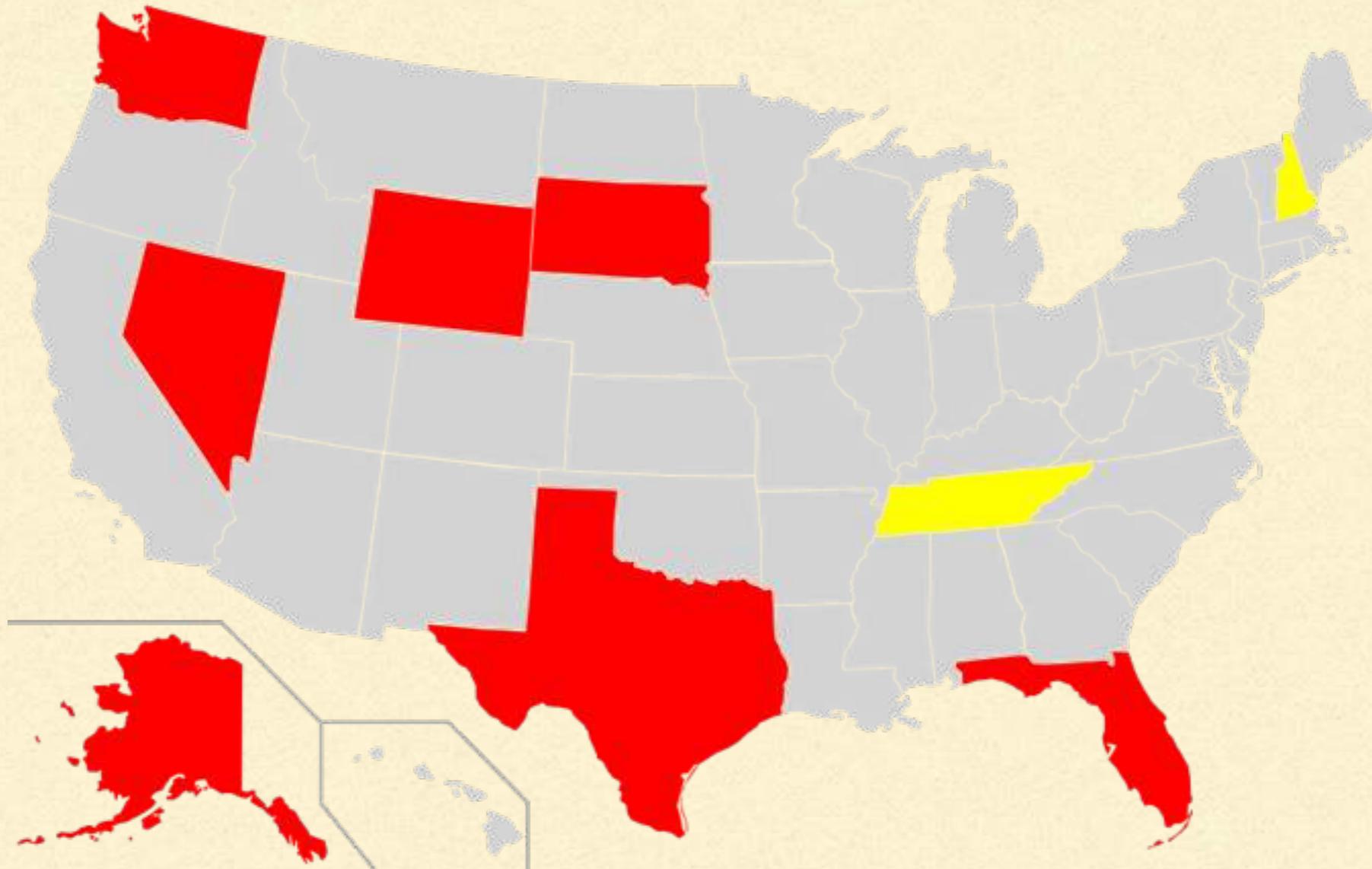
HERE IN WASHINGTON STATE,
WE ALREADY HAVE A PROBLEM

Shares of family income for non-elderly taxpayers



OUR STATE HAS THE #1 MOST REGRESSIVE TAX SYSTEM IN THE NATION - BY A LOT!

Chart is from the Institute on Taxation and Economic Policy, <http://itep.org>. Data from 2015.



STATES WITH NO INCOME TAX

The seven states in red have no tax on income

States in yellow tax only dividend and interest income

THE WORST OF BOTH WORLDS:

HIGH TAXES FOR POOR & WORKING PEOPLE,
LOW REVENUE FOR PUBLIC GOODS AND SERVICES

- “No income-tax states like Washington, Texas and Florida do, in fact, have average to low taxes overall. However, they are far from ‘low-tax’ for poor families. In fact, these states’ disproportionate reliance on sales and excise taxes make their taxes among the highest in the entire nation on low-income families.” - Institute for Taxation and Economic Policy (ITEP)
 - Washington State has by far the HIGHEST taxes in the country for lower-income households...
 - But we are below the national average for state and local revenue per capita.
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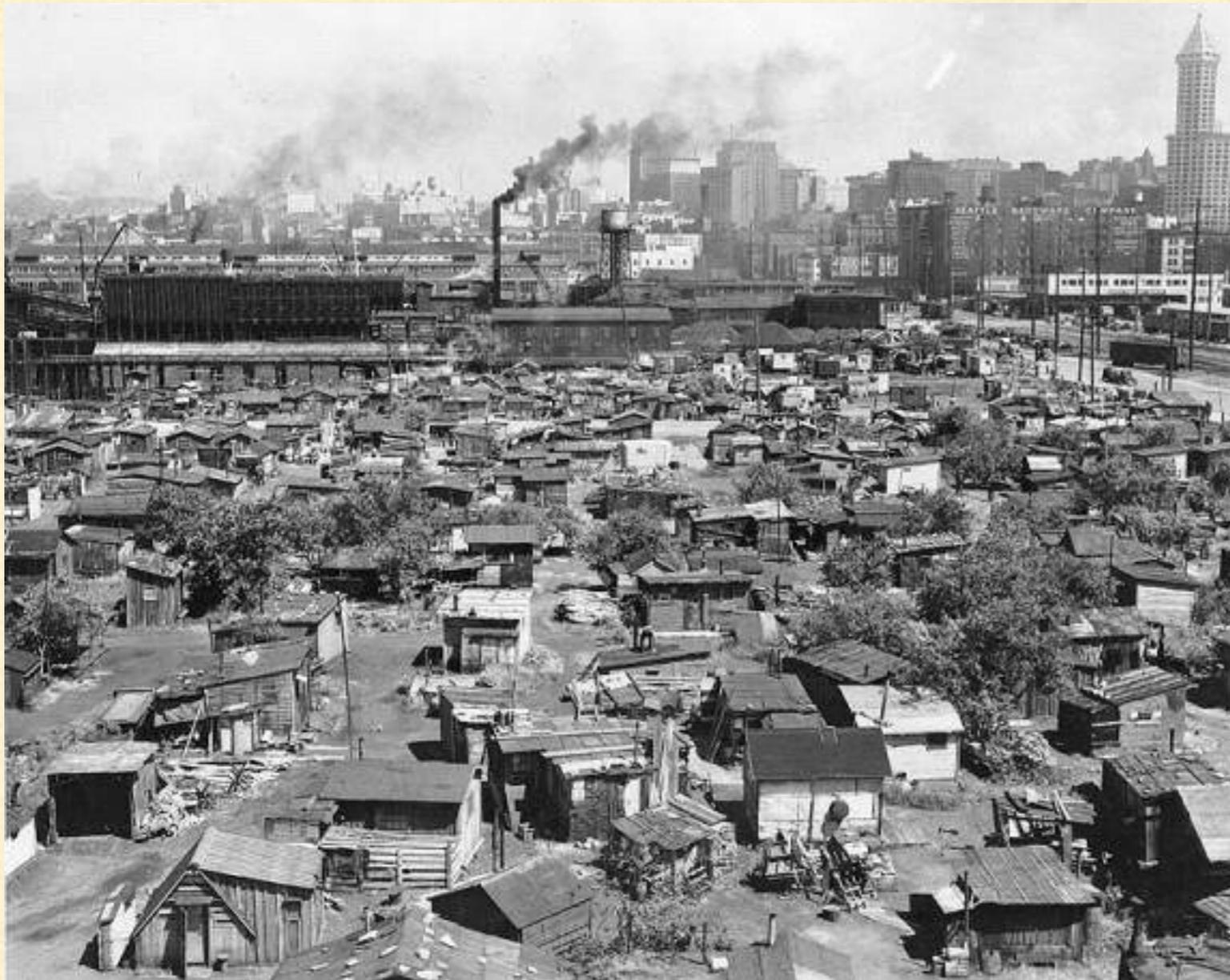
MCLEARY DECISION, 2012

- “It is the paramount duty of the state to make ample provision for the education of all children residing within its borders, without distinction or preference on account of race, color, caste or sex.” - *Washington State Constitution*
 - “The word ‘ample’...provides a broad constitutional guideline meaning fully, sufficient, and considerably more than just adequate. Ample funding for basic education must be accomplished by means of dependable and regular tax sources. The State has not complied with its...duty to make ample provision for the education of all children in Washington.” - *McCleary v. State*
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ECONOMIST: WASHINGTON STATE CAN'T SUCCEED WITHOUT INCOME TAX, TECH INVESTOR DISAGREES (GEEKWIRE, 1/12/17)

- “I believe it is mathematically impossible to succeed fiscally without a state income tax.” - Chris Mefford, president and CEO of Seattle consulting firm Community Attributes
 - “Madrona Venture Group Managing Director Matt McIlwain disagreed with Mefford, saying that he hears all the time from people moving in from out of town to work at big tech companies and found startups that they are happy not to have a state income tax. He cited Seattle Seahawks tight end Jimmy Graham saying one of the biggest benefits of coming to Washington was its lack of income tax.”
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HISTORY OF INCOME TAXES IN WASHINGTON STATE



Seattle during the Great Depression

Photographs from the University of Washington Digital Collection

DIVIDE THE TAX LOAD

VOTE FOR

INITIATIVE NO.

69

STATE NET
INCOME TAX



IN 1932, WASHINGTON VOTERS APPROVED AN INCOME TAX BY AN OVERWHELMING 70%; AND IN 1935 THE LEGISLATURE PASSED A TAX ON CORPORATE AND PERSONAL INCOME.

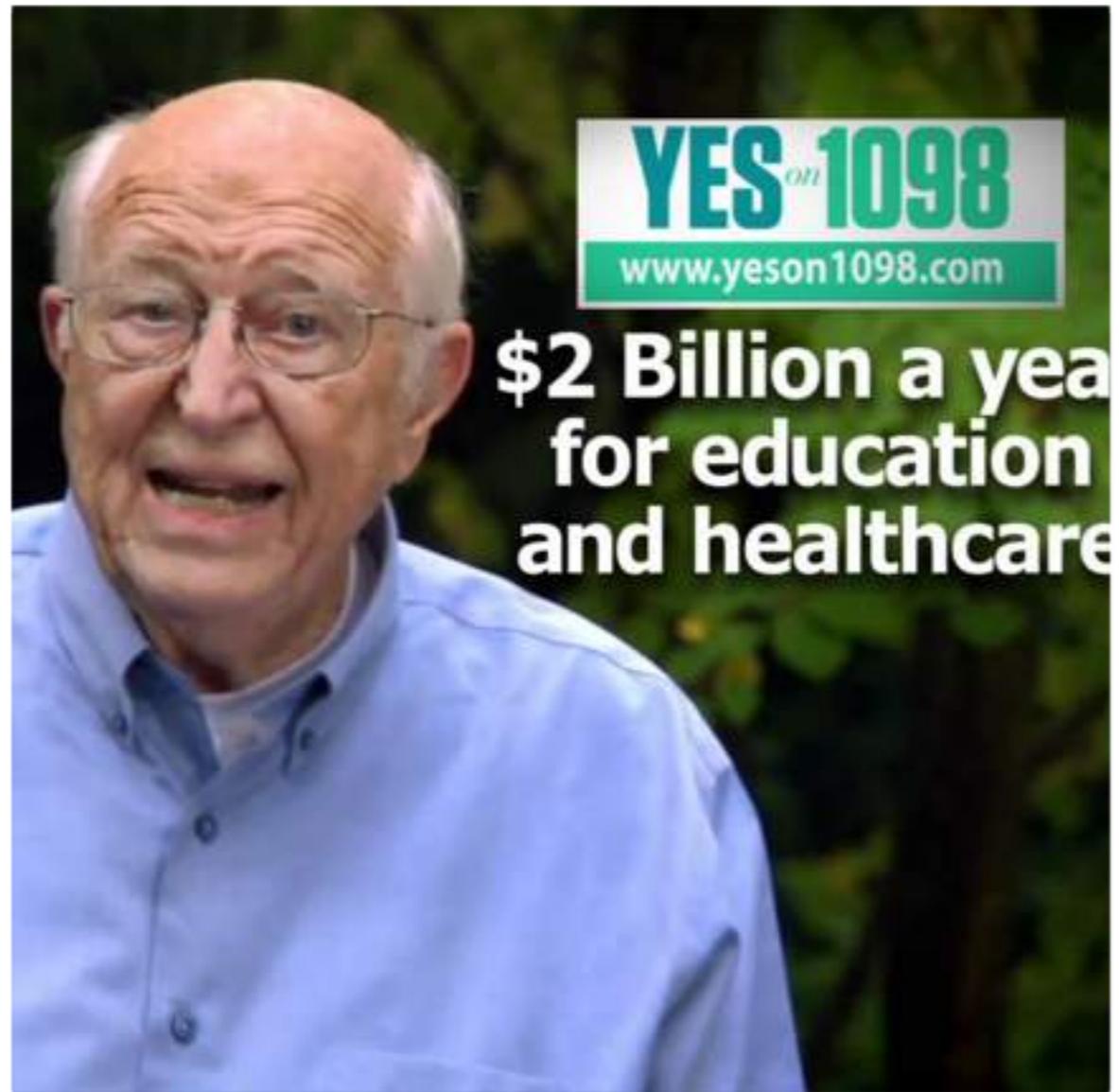
WASHINGTON STATE SUPREME COURT DISAGREES

- Business groups sued the state, and these income taxes were overturned by the Washington State Supreme Court, which ruled that income is a form of property.
 - As such, they argued, any taxes on income would have to abide by the constitutional limitations on property tax in WA: no more than 1%, and equal across classes - so, no progressive income tax.
 - However... court decisions in other states since then, and in our state, have discredited the notion that income is property.
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TODAY'S WASHINGTON STATE SUPREME COURT: OUR FRIENDS

2010: STATEWIDE INITIATIVE 1098



- I-1098 would have taxed individual income over \$200K.
- It was rejected by 64% of the vote statewide - but in Seattle, it passed by the about same margin.
- “Antitax voters clearly won a victory on Tuesday. But it would be a stretch to say that they don’t want higher taxes on the wealthy. More likely, they just didn’t want higher taxes on the nonwealthy.” - Wall Street Journal

A LOCAL STRATEGY



Opportunity FOR OLYMPIA



Economic
Opportunity
Institute

- The Opportunity for Olympia initiative would have taxed income in excess of \$200K at 1.5%, to fund a first year of community college for all high school graduates and GED achievers
 - It won 48% of the vote on the November 2016 ballot.
-

SEATTLE AT A CROSSROADS: WE WILL NOT COMPROMISE OUR VALUES



- Crises of affordable housing, displacement, homelessness.
 - New administration threatening to cut federal funding to sanctuary cities.
 - A 1.5% tax on income in excess of \$200K would raise around \$175 million per year in the City of Seattle.
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THE TIME IS NOW RESIST TRUMP & TAX THE RICH

Local Action IS the Best Way for Seattle to Stand Up,
Support Our Most Vulnerable, and Build a City for ALL

