

# Change is coming



## Public Good Funding

Programs and services that make life better for Washingtonians, from early learning to higher education, worker protections to affordable housing, are missing out on more than \$6 billion a year in funding. We can invest in our future if we:

### **PUMP THE BRAKES ON ACCELERATING WEALTH INEQUALITY**

**\$4.5 billion\***

Unlike real estate, financial assets such as stocks and bonds are not taxed unless they are sold. This modest 1% tax on the market value of financial assets with the first \$50 million in value exempted, meaning the first 50 million dollars in financial wealth remains untaxed, would move Washington closer to a balanced tax code.

### **FIX THE HIGH EARNERS LOOPHOLE FOR EMPLOYERS**

**\$230 million - \$3.5 billion\***

State and federal payroll taxes for social programs – including Washington’s popular Paid Family and Medical Leave program – aren’t paid on income above \$168,600. This tax would fix this payroll loophole on the employer side.

### **END THE HIGHER ED FUNDING GIVEAWAY FOR BIG TECH**

**\$120-150 million\***

The funding structure for the Washington College Grant includes an arbitrary give away to multi-national technology corporations. Currently, tech companies with more than \$25 billion in revenue have the taxes they pay toward the Workforce Education Investment Account capped at \$9 million per year. This reform will end this unnecessary tax break.

### **PASS THE AFFORDABLE HOMES ACT**

**\$150 million\***

This bill creates a permanent funding source for affordable housing by adjusting the real-estate excise tax. This reform will make selling a home fairer for working families by (1) lowering the tax rate on homes selling for under \$3 million and (2) raising the tax rate modestly on properties selling for more than that. Since 2013, the statewide median home price in Washington has increased more than 100% (from less than \$300,000 to nearly \$600,000).

### **MODERNIZE THE ESTATE TAX**

**\$20-30 million\***

Make the estate tax more effective and progressive by applying greater tax rates to very large estates. This reform will exclude small estates that currently have to file from the tax and modernize the system to be in line with the 21st century Washington state economy.

\*These numbers are estimates, sourced from fiscal notes for previously introduced legislation, the Department of Revenue, or in the case of the payroll tax loophole, calculations based on publicly available data and fiscal notes for similar legislation.

# What are the impacts?



## Public Good Funding

Here, in Washington, we want to set a new standard for economic opportunity with an economy that *truly* works for everyone. This includes an unwavering commitment to equity.

### **BY PUMPING THE BRAKES ON ACCELERATING WEALTH INEQUALITY...**

the wealthiest Washingtonians would see a modest tax that could help fund the Washington Future Fund (aimed at closing the racial wealth gap), expand the Working Families Tax Credit, and create a dedicated fund for affordable housing programs. This would mitigate accelerating wealth inequality. In the US, equity in the form of stocks and shares of business wealth has seen a 9.31% rate of annual, real return since 1980, outpacing national economic growth and fueling wealth inequality.

### **FIXING THE HIGH EARNERS LOOPHOLE FOR EMPLOYERS...**

could provide revenue to bolster social safety programs across Washington state, including Paid Family Medical Leave. The average yearly wage in Washington is around \$84,000 while 14% of Washington households have yearly incomes in excess of \$200,000.

### **ENDING THE HIGHER ED FUNDING GIVEAWAY FOR BIG TECH...**

could provide cost-free college with wraparound services and a living wage for all educational staff. This would help first-generation, immigrant and other students who've been farthest from opportunity as well as jump start local, particularly rural, economies. Estimates for funding cost-free community college are around \$150 million per year.

### **PASSING THE AFFORDABLE HOMES ACT...**

would establish the first permanent funding source for the Housing Trust Fund and would fund direly needed affordable housing programs, including safe and stable housing for farmworkers. The median home price in Washington in 2023 was \$583,200 so the vast majority of those selling homes would see a tax cut.

### **MODERNIZING THE ESTATE TAX...**

would increase support for public education, which currently sees revenues from the estate tax. Additional dollars could be used to address areas in need of more funds, such as special education and student mental health services. The Estate Tax is the most progressive tax in our state tax system, and these reforms will make it even more fair.