



REVENUE REFORMS WE NEED TO BUILD A BETTER FUTURE FOR ALL WASHINGTONIANS



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FOUR KEY POINTS

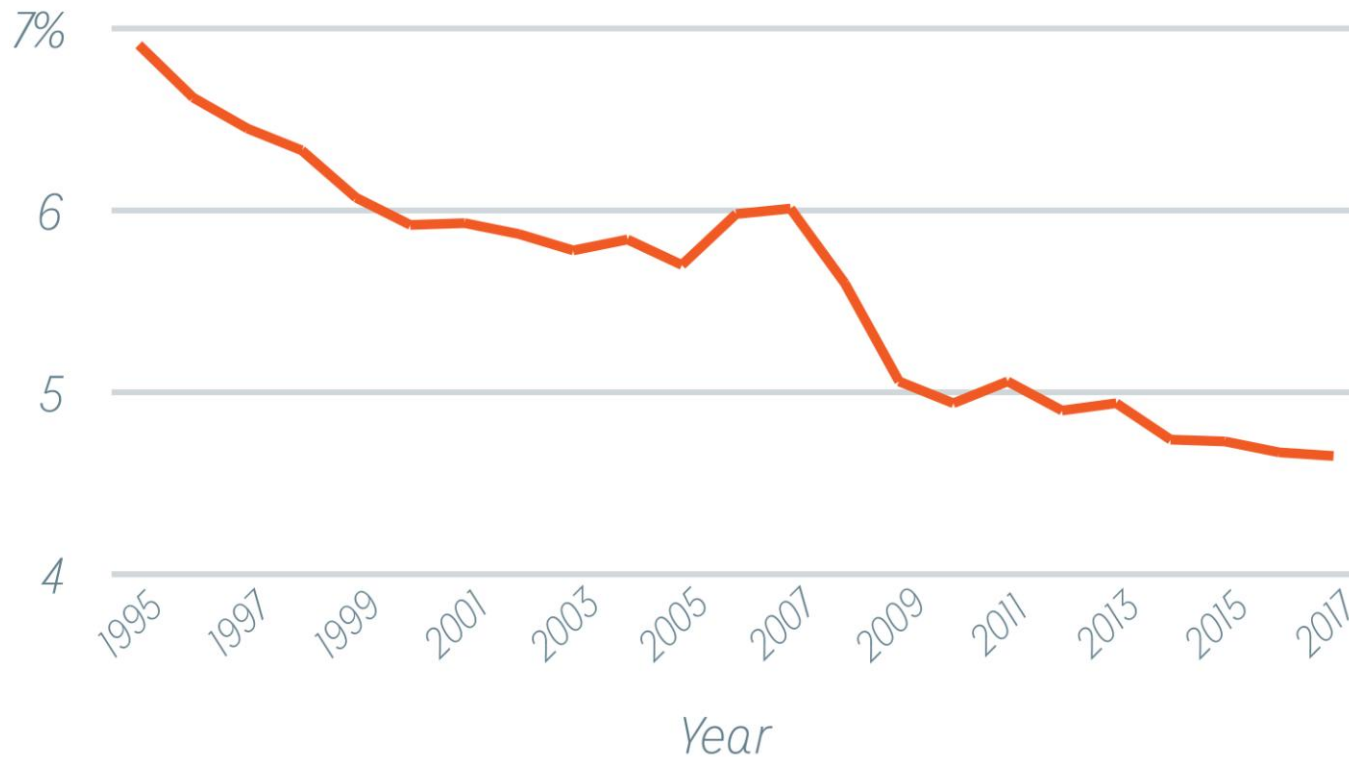


- *Our state tax system is **failing** us.*
- ***Small steps** can make a **big** difference.*
- *Long-term, **systemic** reforms are needed.*
- *Attend **Budget Matters 2014!***



Washington State's Tax System Cannot Keep Pace With The Changing Economy

Total Washington state near general fund revenue as a share of total personal income, 1995-2017.

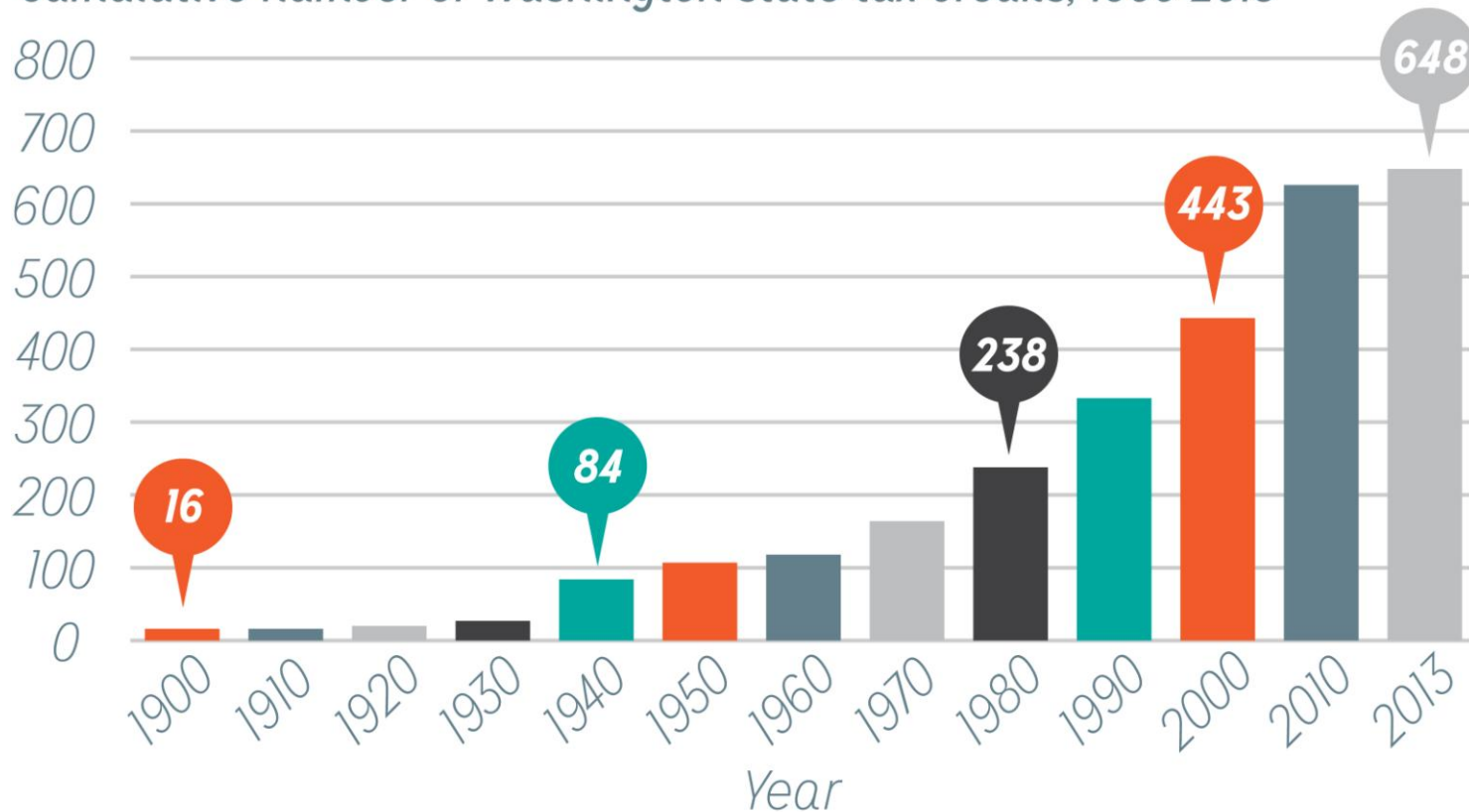


SOURCE: Budget & Policy Center calculations; data from ERFC, BEA



Growing Tax Breaks Compromise Budget Transparency and Accountability

Cumulative number of Washington state tax breaks, 1900-2013

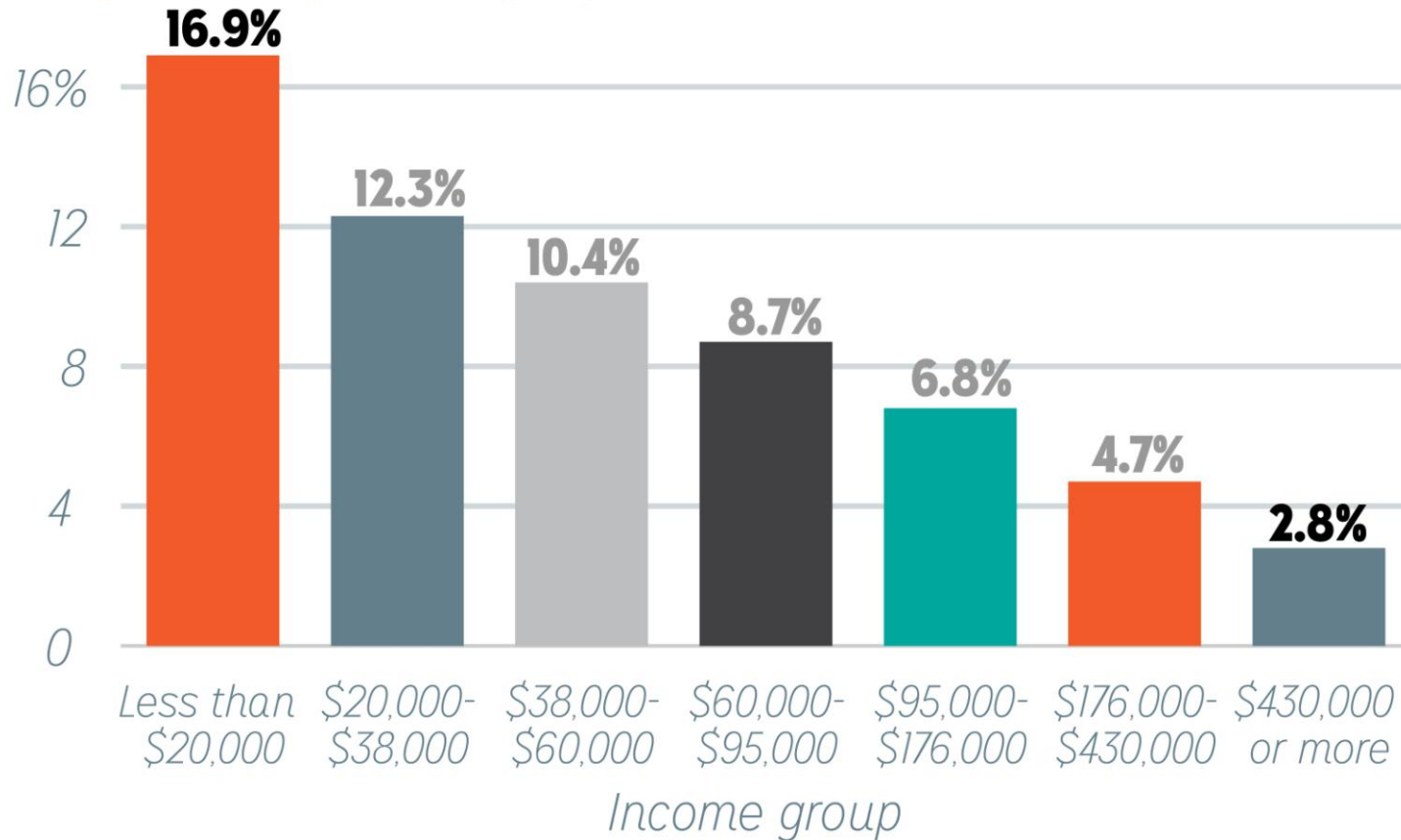


SOURCE: Budget & Policy Center calculations; data from DOR



Washington State's Tax System Is Upside Down

Washington state and local taxes as a share of family income by income group in 2012.



SOURCE: Institute on Taxation And Economic Policy

FOUR KEY POINTS



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- *Eliminate wasteful tax breaks.*
- *Reform the property tax system.*
- *Enact a new excise tax on capital gains.*

ELIMINATE WASTEFUL TAX BREAKS



Mercedes-Benz





- *Eliminate Eyman’s harmful restrictions.*
- *Enact a “circuit breaker” credit.*
- *Increase the state property tax to **fund schools.***

TAX CAPITAL GAINS

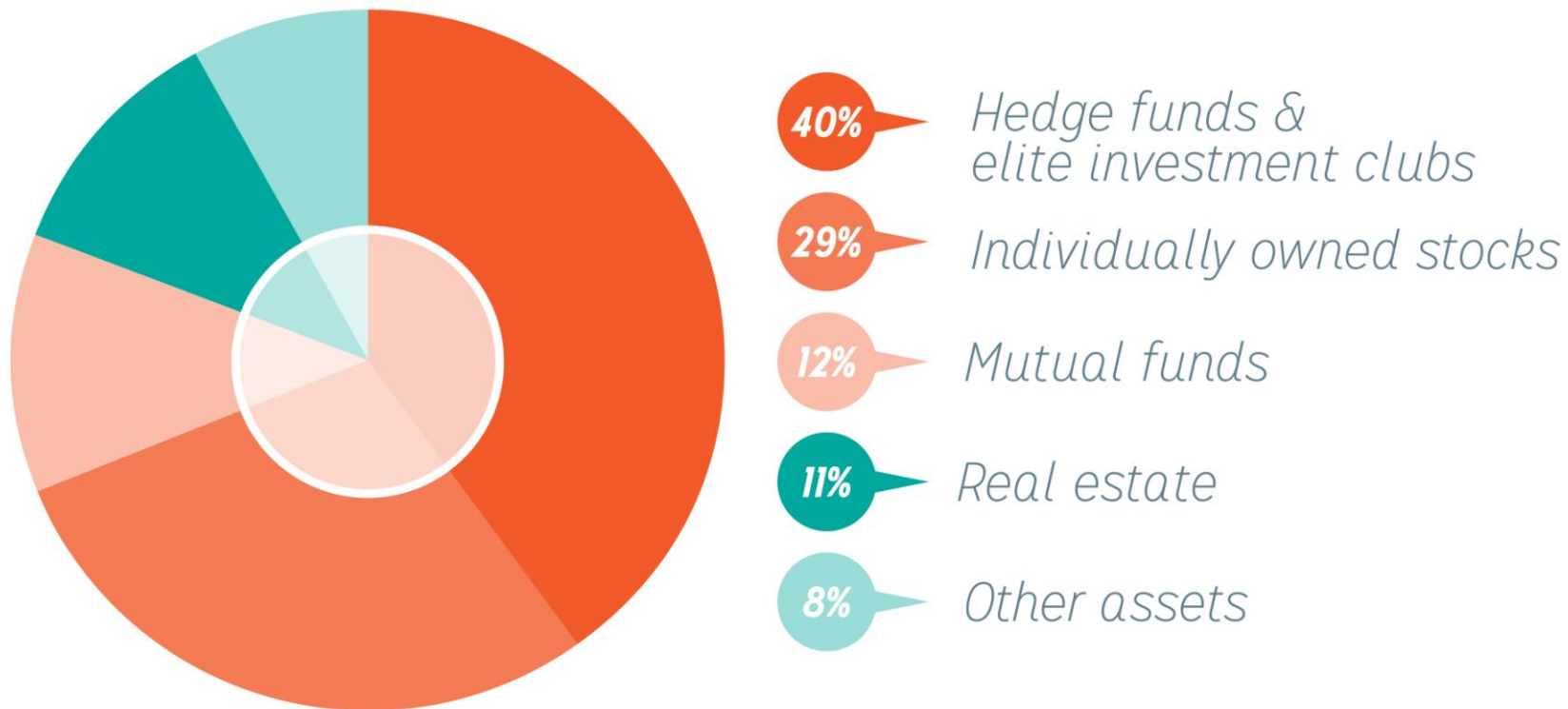


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Vast Majority of Capital Gains Come From Sales of Corporate Stocks and Bonds

U.S. capital gains by type in 2007



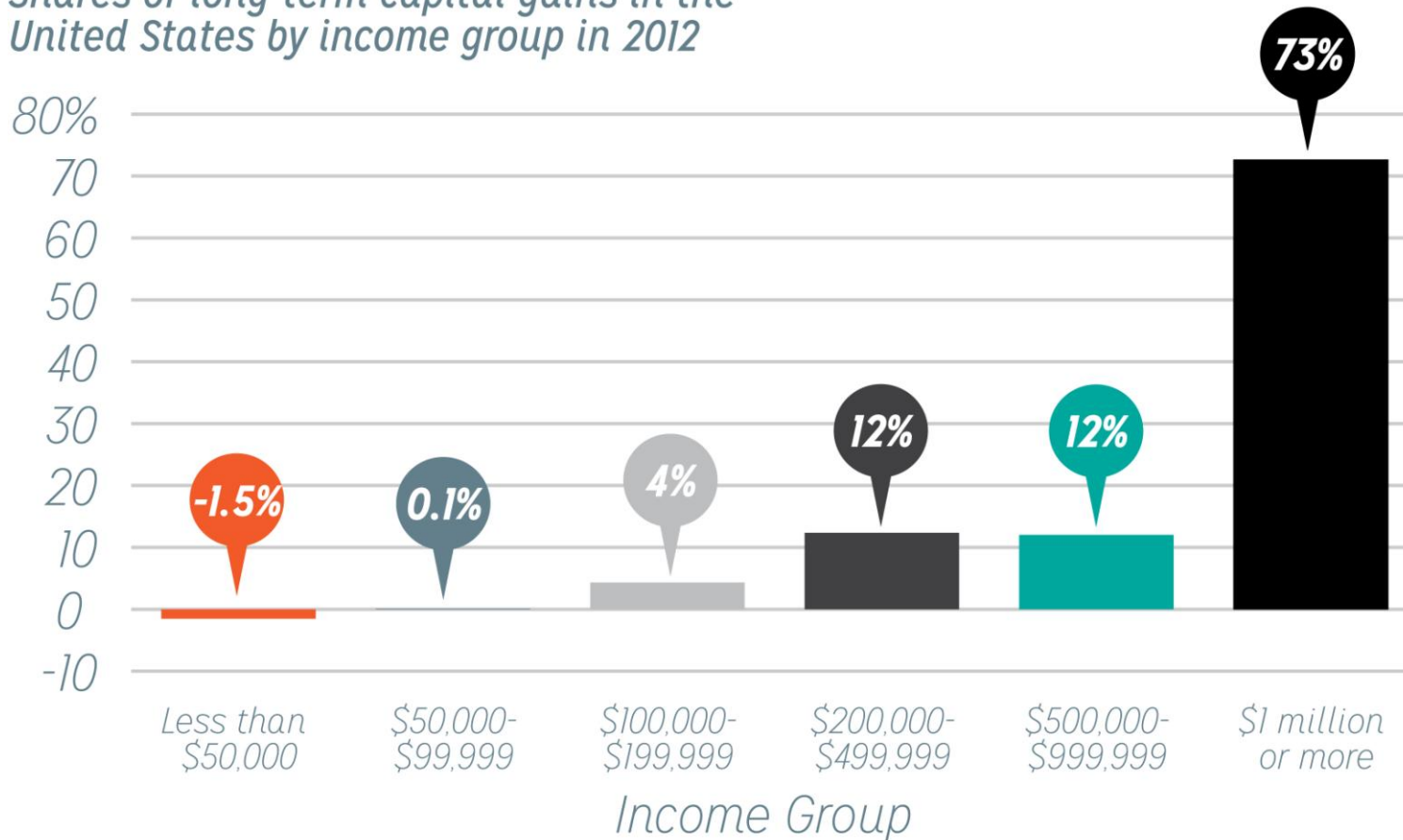
SOURCE: Budget & Policy Center analysis; data from the IRS.

TAX CAPITAL GAINS



Three-Quarters of Capital Gains Go To Millionaires

Shares of long-term capital gains in the United States by income group in 2012

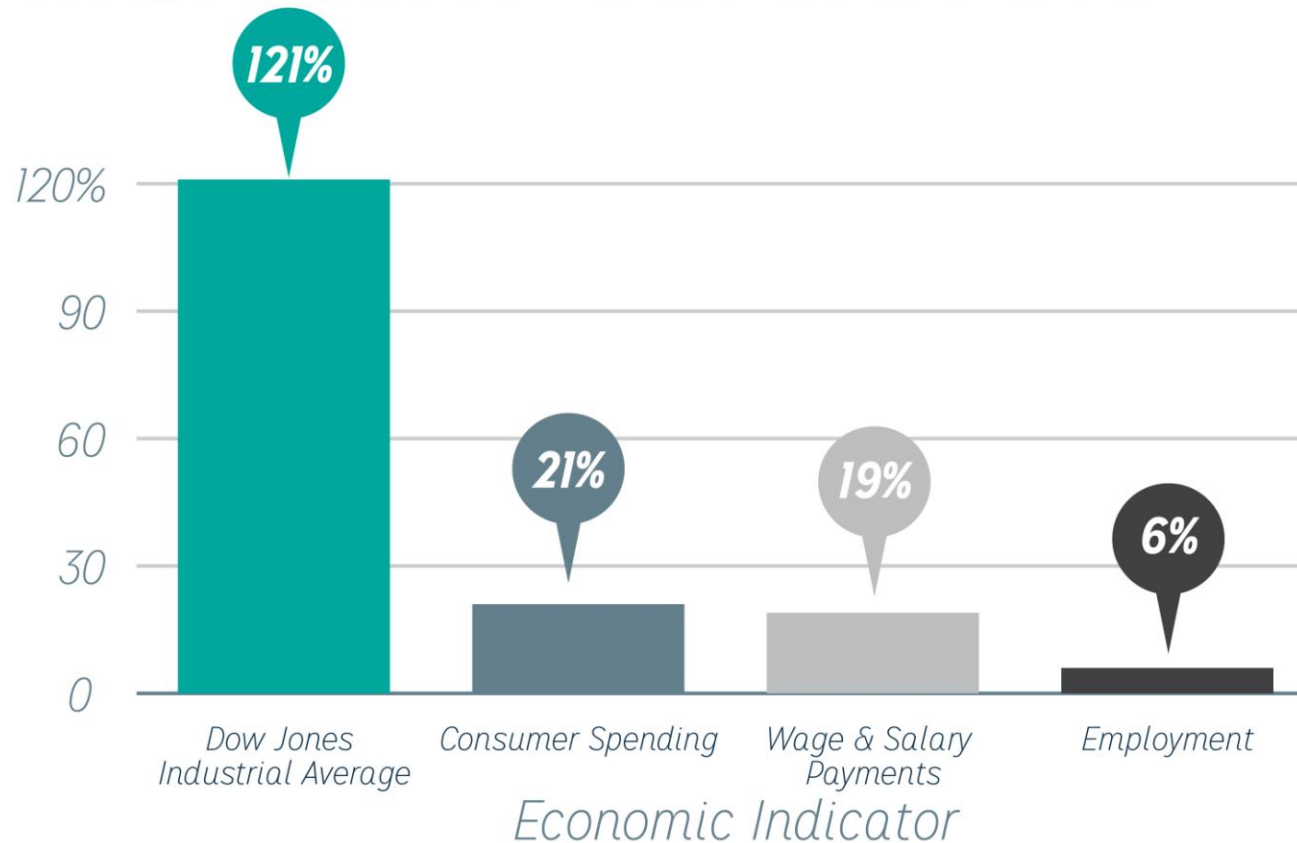


SOURCES: Budget & Policy Center calculations; data from The Tax Policy Center



The Stock Market Has Recovered Far More Quickly Than Other Parts of the Economy

Percent growth by economic indicator, March 2009 - June 2014



SOURCES: Budget & Policy Center calculations; data from BEA, BLS, and the Dow Jones Industrial Average



Not a tax on...

- *Assets held in retirement accounts.*
- *Profits from the sale of family homes.*
- *Assets held in college savings accounts.*
- *Assets willed to family members.*
- *Dividends.*



How it would work

- *Amount exempt = \$20,000 per year*
- *Tax rate = 6.5 percent*
- *New revenue generated = \$700 million per year*

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THANK YOU!

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