Progressive Revenue

Fact Sheet

PRO-CHOICE WASHINGTON

Washington state has the most regressive tax code in the country,[1] where low- and middle-income families pay six times more of their income in taxes than the wealthiest few.[2] This is deeply unfair and it directly limits public investment in reproductive healthcare, family planning services, and other socio-economic programs that increase the quality of life in Washington.

In 2021, we took critical steps towards a more equitable tax code with the passing of a Capital Gains Excise Tax and a Working Families Tax Credit. However, more work is needed to reduce the tax burden on Washington's low-income families and create sustainable funding for essential socio-economic and health programs across the state.

WHAT IS PROGRESSIVE REVENUE AND WHY DO WE NEED IT?

Progressive revenue is the adjustment of the tax rate so that it increases as incomes rise. This would reduce the disproportionate tax burden on the lowest-income families.

State and local taxes fund vital community services like affordable healthcare, good schools, and quality transportation. However, Washington's overreliance on a sales tax, combined with tax breaks for corporations and the wealthiest Washingtonians, has consistently produced budget shortfalls that threaten our ability to fund and sustain basic community programs. These programs include essential reproductive health services like family planning and Medicaid reimbursements for telemedicine and medication abortion. Washington's legal right to abortion is ineffective when pregnant people cannot afford the cost of the procedure.

In fact, in 2011, Washington state cut the Maternity Support Services budget by $23 million due to a shortfall in the budget. As a result, 49 family planning agencies lost funding, leaving 46,000 patients without reproductive health services.[3]

Pro-Choice Washington supports progressive revenue policies because it is critical that every person in Washington state has equitable access to the reproductive healthcare options they need.

OUR CURRENT TAX CODE IS DEEPLY IMBALANCED AND MUST BE REWRITTEN

Washington's tax code disproportionately burdens low-income families who pay nearly 17 percent of their income in taxes while the wealthiest pay just three percent. This is due to decades of advocacy by wealthy corporations and special interest groups that have secured laws and tax breaks that allow them to preserve wealth, instead of paying it in taxes which would fund essential services for families and small businesses. This has resulted in a significant imbalance, and in 2021, when over one in ten households were behind on rent [4] and one in three Washingtonians went hungry,[5] the wealth of Washington's 19 billionaires grew by an inconceivable 56 percent.

Low-income families in Washington are doubly affected by our imbalanced tax code: not only do these families carry the burden of financing critical services for the state, but they are the same people who are in most need of the socio-economic programs that are chronically underfunded, like family planning and abortion coverage. Fifty-three percent of people who use publicly funded family planning programs in Washington state are below the federal poverty line.[6]

Additionally, many of these low-income families are Black, Brown, and Indigenous, LGTBQ+, as well as frontline workers. So, they continually face discrimination, inequities, and structural racism, and have been hardest hit by the COVID-19 pandemic.

WHAT IS PRO-CHOICE WASHINGTON DOING ABOUT IT?

We are focused on supporting and passing key progressive revenue legislation that will balance the tax code and ensure that all Washingtonians pay their fair share so that socio-economic programs can be fully funded.

Two key policies that are being decided in 2022 are:

TAX ON EXCESSIVE WEALTH (HB 1406 and SB 5426)

This bill would create a one percent tax on the value of stocks, bonds, and other intangible assets over $1 billion. There is currently no state or federal tax on these assets. The first $1 billion of a person's financial intangible assets would be exempt. Washington state currently has 19 billionaires.

This tax would raise $2.5 billion per year and fund public programs that the rest of the population relies on like public education, health care, child care, and other programs that support families' economic wellbeing.

MAKE WASHINGTON'S ESTATE TAX MORE PROGRESSIVE (HB 1465)

This bill would rebalance the current estate tax by eliminating the estate tax for smaller estates while raising the rates for higher valued estates. In doing so, it would:

- Increase the allowable exemption on estates to $2.5 million. This eliminates the estate tax for 25 percent of estates taxed under the current structure.
- Decrease the tax rate for estates worth between $2.5 million and $6.5 million.
- Double the tax rate on estates valued in excess of $1 billion.
- Protect existing deductions for small family-owned businesses, family-owned timberlands and farms, and funeral costs.

Sources:

1. Who pays? 6th Edition, *ITEP*, Date Accessed Jan 8, 2021.
2. State Budget and Revenue, *Washington State Budget & Policy Center*, Date Accessed Jan 8, 2021.
3. Women, work and Washington's Economy, *Washington State Budget & Policy Center*, Feb 2, 2012.
4. Tracking the COVID-19 Economy's Effects on Food, Housing, and Employment Hardships, *Center on Budget and Policy Priorities*, Nov 10, 2021.
5. Study measures food insecurity in Washington families, *WSU Insider*, Nov 19, 2020.
6. Publicly supported family planning visits in 2019 provided critical preventative care in Washington, *Washington Department of Health*, Date Access Jan 8, 2021.