

## **SSWLHC Endorses Initiative: “YES ON 1098”**

The Board of the Washington State SSWLHC voted in May to endorse Washington State Initiative 1098. Initiative 1098, if enough signatures are collected to put the initiative on the November ballot) is a tax reform measure that would make the state tax system more equitable. 1098 would reduce the property tax, eliminate B&O taxes for about 80% of tax-paying businesses in Washington State, and impose a “high earners” income tax on couples with joint income of \$400,000 per year (\$200,000 for individuals). The funds generated would be utilized for education and health care for Washington State residents.

### **Why is this initiative important?**

Washington State’s current tax code disproportionately affects lower and middle-income persons and families and it doesn’t provide a stable revenue base for needed services. Businesses pay B&O taxes regardless of whether or not they are making a profit, and current property tax rates for many working families are a significant expense. Working and middle class families pay more than their share in taxes, and in terms of fairness, Washington’s tax code is seen as especially regressive. The wealthiest Washingtonians now pay less in state and local taxes than do residents of 43 other states.

### **If passed, what would Initiative 1098 do?**

- Cut property taxes for owner-occupied housing by 20% (for a typical King County homeowner, this would average \$180 annually)
- Increase the B&O tax credit from the current \$420 to \$4800 per year, exempting about 80% of the 473,000 tax-paying businesses in our state from the B&O tax. Another 10% of businesses would get a significant cut.
- Impose an income tax only on the top 3% of taxpayers- couples making more than \$400,000 per year (\$200,000 for individuals) would pay 5% of their income over \$400,000 and couples making 1 million would pay 9%. This tax only applies to income above the \$400,000/\$200,000 threshold, thus, a couple making \$500,000 per year would pay only 1% of their gross income, or \$5,000 ( 5% of \$100,000=\$5,000).

### **How will revenue generated through 1098 be spent?**

Funding will be required to be dedicated to the Education Legacy Trust Fund for K-12 class-size reductions, extended learning opportunities, pre-kindergarten, and expanding access to higher education, as well as to fund the voter-approved Basic Health Plan, public health services, and long-term care for vulnerable seniors and people with disabilities.

**What the Initiative will not do:**

There has been extensive coverage and comment about how this will be the first in a “slippery slope” of expanding taxes. ***This initiative specifically requires that any change to the income tax thresholds or rates would require a public vote.***

There have also been concerns raised that taxing the wealthy will “run them out of the state”. Even with this proposed income tax for wealthy individuals, Washington’s tax rate will still be lower than that of Oregon, California, and Hawaii. California and Hawaii have higher percentages of households with income above \$200,000, and they are not seeing their wealthier citizens move away.

**Where can I find more information?**

Initiative 1098 has a website ([www.yeson1098.com](http://www.yeson1098.com)) with extensive information on the initiative as well as information on how you can help. Or call the campaign office at (206) 225-4610.

***The board of the Washington State SSWLHC urges you to learn about this issue, and to share the information with your friends, family, and colleagues.***

***Thank you.***