

**Details for Progressive Revenue for Public Services**

1. **Our Legislature can put in place equitable and progressive measures, resulting in immediate increases in revenue.**

**$50 million**: Funding college and workforce education: Close the Amazon loophole and fully fund the College Grant program

The Legislature shielded global corporations from paying into the College Grant fund. Their contributions are capped at $9 million a year. For Amazon, with revenue of $75 billion in three months, this tax is three one-thousandths of a percent of its revenue.

The legal surtax rate under the recently passed Senate Bill 6492 is 1.22% of gross income. For the 40 companies with more than $25 billion of revenues, the ceiling provides a tax windfall of at least $50 million a year.[[1]](#footnote-1) The clause providing this ceiling has been excerpted by EOI for legislative review. The tax instrumentation and implementation is in place, so increased revenues would be immediately forthcoming. Taxpayers for this: the 40 global corporations with gross revenues in excess of $25 billion headquartered in or with a nexus to Washington state. These businesses total two one-hundredths of a percent of all businesses in our state.[[2]](#footnote-2)

**$1.2 billion**: Excise tax on employers for windfall compensation to employees

The Legislature could establish a new floor for employer excise taxation of compensation above $137,700, amending Senate Bill 6017. (Employers receive a 6.35% tax holiday above this threshold, because they don’t pay Social Security FICA taxes, nor the family and medical leave payroll tax above this threshold.) Starting with a 1% marginal tax on employers for compensation above $137,700 could result in **$1.2 billion annually**. EOI has completed a re-draft of SB 6017 to enable the new design. The Employment Security Department has all records for compensation, so this tax could kick in immediately, with receipts in April 2021.[[3]](#footnote-3) With a threshold of $137,700, employers would pay the windfall compensation tax on less than 5% of total employees in the state. With a threshold of $250,000, 1% of employees would be covered.

**$50 million**: Estate Tax Reform:

Senate Bill 6581, amended to close estate accounting loopholes, would bring in $50 million.[[4]](#footnote-4) This measure would increase estate taxes on 80 of the wealthiest estates, with values in excess of $6.5 million, and eliminate the estate tax for 25% of estates currently taxed, while decreasing taxes on half of estates currently taxed. A re-drafted bill is ready for legislative review. Because the estate tax is already in place, the increases and decreases in taxation could be immediate for all deaths occurring after legislation is signed into law.

1. **Progressive taxes which could raise revenue for the 21-23 biennium:**

**$4.1 billion: Billionaire Tax**

A 1% tax on intangible property (stocks and bonds) in excess of $1 billion would generate over $4.1 billion a year. Jeff Bezos, Steve Ballmer, Craig McCaw and nine other Washington residents would be subject to this tax. Their combined wealth is in excess of $428 billion. A draft for this concept is in process.

**$3.9 billion: Millionaire Tax**

A 12.5% marginal tax rate for income in excess of $1 million would tax 12,500 people in Washington state (one third of one percent of all taxpayers), and generate over $3.9 billion. This rate is lower than California’s and slightly higher than Oregon’s top rate (9.9%). A marginal tax at Oregon’s top rate would generate almost $3 billion. Because of state supreme court decisions overturning a popular initiative and state law in 1933 and 1935, the millionaire tax would trigger an automatic legal challenge. The Legislature should request expedited review. Revenue from this tax could be forthcoming in 2022. A draft for legislative review has been completed.

**$517 million: Inheritance Tax**

The inheritance tax is a tax on the assets received from an estate. When it was in law[[5]](#footnote-5) in our state, it generated three times the revenue which the estate tax later generated. This is a tax on inheritances gained from decedents, regardless of decedents’ place of residence and death. It draws from multi-state sources for the privileged intergenerational transfers of wealth. A draft for this concept is in process. This tax would cover fewer than 400 inheritors.

1. **A Pathway for Hope and Progress:** We need education, higher education, health coverage, mental health, business security and public health, **right now**. With this progressive revenue package, the Legislature can fund

* Comprehensive testing and tracing throughout the state.
* Affordable health coverage for people on the Health Benefit Exchange
* Health coverage for all undocumented workers
* Apple Health for all essential workers, including all child care workers
* Reductions in tuition at universities and community colleges, as people out of jobs turn to community colleges to learn new skills, and as higher education has become unaffordable for families haunted by unemployment.
* Decent wages for child care workers.
* College grants for all low-income and middle class students.

The Legislature should also help small businesses, thousands of which are closing down or on the brink of bankruptcy. If we are to enable a recovery for these businesses, the state cannot adopt an austerity budget, which would decrease consumer spending, further imperiling small businesses. These businesses also need a reduction in the gross receipts tax.

We have developed an interactive calculator for the determination of new progressive taxes, decreases in regressive taxes, and new investments in public services. We are sharing this with legislators.

1. <https://fnspublic.ofm.wa.gov/FNSPublicSearch/GetPDF?packageID=58055>; <https://fnspublic.ofm.wa.gov/FNSPublicSearch/GetPDF?packageID=58142> [↑](#footnote-ref-1)
2. <https://www.census.gov/quickfacts/WA> [↑](#footnote-ref-2)
3. <https://app.leg.wa.gov/billsummary?BillNumber=6017&Year=2019> [↑](#footnote-ref-3)
4. <https://fnspublic.ofm.wa.gov/FNSPublicSearch/GetPDF?packageID=60052> The current version would bring in approximately $16 million a year. [↑](#footnote-ref-4)
5. See former RCW 83.01-83.98 [↑](#footnote-ref-5)