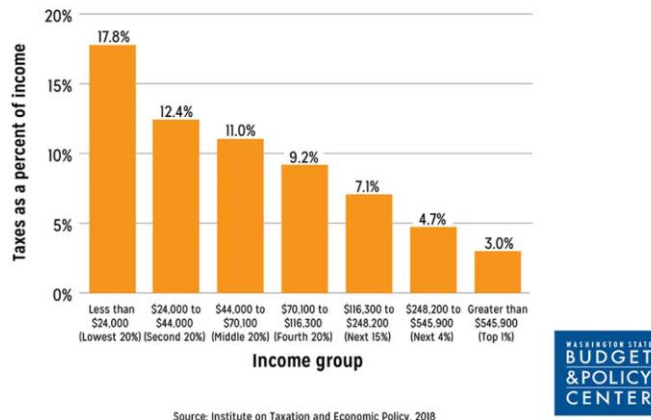


Why Revenue Reform?

Washington (WA) State Has a Revenue Problem

Washington State's tax code is one of the most regressive in the nation. Without an income tax, WA must leverage inequitable sales and consumption revenues that disproportionately impact the lowest earners. For example, the lowest-earning residents in Washington state pay almost 18% of their annual incomes in state and local taxes, while the wealthiest pay only 3%. ([Washington: Who Pays? 6th Edition – ITEP](#)).

Washington state and local taxes as a share of annual income by income group



Revenue Reform Would Raise Revenue and Promote Equity

Over the past year, Social Venture Partner – Seattle (SVP - Seattle) has offered interested partners an advocacy training series to better engage with lawmakers and support community nonprofits' advocacy efforts.

In addition to building partners' capacity in support of community partners' policy advocacy, we identified an opportunity for SVP, as an organization, to advocate for state-wide revenue reform as it augments our mission to advance racial justice. Revenue reform goes beyond philanthropy, and bolsters it, by addressing a root cause of the greatest inequities in our state. New sources of annual income invested in historically underfunded sectors, such as public education, public health and mental health services, and affordable housing, drives and sustains progress beyond what philanthropy alone can accomplish.

Revenue Reform in the 2023-2024 WA State Legislation Session

A Capital Gains tax was passed during the 2021-2022 session and upheld by the Washington State Supreme Court. During the 2023-2024 session, additional progressive reforms were introduced, and had public hearings, but did not cross the finish line – yet. These will be taken up again in the 2024 session:

- **SB 5486 / HB 1737 – Wealth Tax:** The very wealthy pay more of their fair share with a new 1% tax over 250 million of stocks, bonds and other intangible assets. The expected \$3 billion/year revenue will go to K-12 public schools, housing, developmental disabilities services, and tax justice. [Wealth Tax fact sheet](#).
- **HB 1795 – Estate Tax Reform:** Increase exemption to 2.6 million, increase tax rate on estates above 3 million, add new tiers and rates for estates over 9 million. The projected 60 million per biennium would be dedicated to the Education Legacy Trust Account to address equity in homeownership and homelessness. [Estate Tax Reform fact sheet](#).
- **HB 1045 – Guaranteed Basic Income (GBI) Pilot:** Launch a statewide pilot, making WA the first statewide program in the country reaching approx 7,500 participants. GBI is a proven strategy to reduce poverty by offering participants the freedom and dignity about how best to provide for their families. [GBI fact sheet](#).
- **SB 5125 / HB 1094 – Future Bonds (aka Baby Bonds):** Address the wealth gap and disrupt the generational cycle of poverty by allocating \$4,000 each to children born under the state's Medicaid program, Apple Health. These children would have access to the funds between the ages of 18 and 30 to use for education, housing, or small business. Approx 40,000 newborns would qualify. [Baby Bonds perspective](#).

The Benefits of Revenue Reform for All

With new sources of revenue, all our communities will benefit from public safety investments such as quality education, mental health care, clean air and water, green spaces. Everyone wins with a reformed WA tax code.

Join our growing community of SVP – Seattle partners who want to advocate to advance revenue reform during the upcoming legislative session! We offer training, mentoring, and guidance.

Learn More

Our upside-down tax code:

- [Who pays taxes in Washington State](#)

Approaches to address the Washington State upside-down tax code:

- [Equitable new revenue is the only path to a just state budget](#)
- [Establishing Baby Bonds to reduce racial wealth inequities](#)

New Revenue Sources and Benefits:

- [Fact Sheet](#)

Organizations Engaged in Progressive Revenue Reform:

- [Balance Our Tax Code](#) (BOTC)
- [Economic Opportunity Institute](#) (EOI)
- [Washington Budget and Policy Center](#)
- [Invest in WA Now](#)
- [Children's Alliance](#)