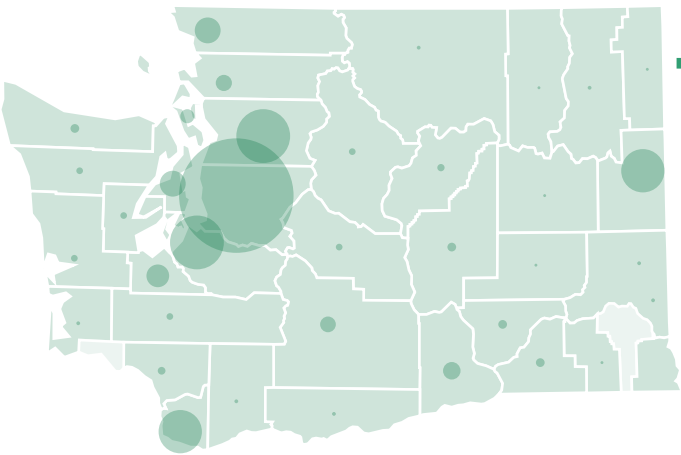


A Fair Share Tax

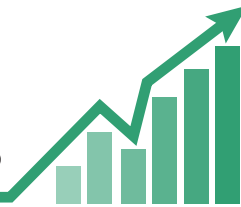
The poorest families in Washington pay up to seven times more in taxes than the wealthiest. Our system is unfair and hurts middle-class and working families. It's time all people pay their fair share. With the difficult choices we face to fully fund education and other crucial services, we should seek fairness by assessing profits from the brokerage accounts of Washington's wealthiest, not the checking accounts of Washington's families.



Paid by wealthiest few

According to non-partisan analysis, families with a total household income **less than \$250,000** a year would have only accounted for less than 3 percent of capital gains profits exceeding \$50,000 from 2007 - 2012.

On record profits



Single filers would only pay for capital gains more than \$25,000 a year — \$50,000 for joint filers. These are windfalls from sales of stocks, bonds and the lucrative sales of private corporations.



To invest in the future

We can invest **\$1.2 billion** in capital gains revenue into fully funding our children's education and **\$490 million** into higher education by 2019.

How it works

Taxing Profits from High-End Financial Assets

Capital gains are profits from the sale of corporate stocks, bonds, investment property and other high-end financial assets. This proposal enacts a 5% excise tax on capital gains transactions in Washington. In enacting a Fair Share Tax, we will be on par with states like Mississippi, Alabama and Utah.

A Fair Share Tax would ask the wealthiest Washingtonians to contribute towards fully funding education and other essential state services, not placing further tax burdens on Washington's middle-class and low-income families. Proceeds from this tax would go into the new Student Investment Fund to be used for K-12 education and spending in higher education to increase the affordability of college for middle class and working families by keeping tuition steady, increasing financial aid and investing in high demand degrees to give our businesses the well-trained employees they need to be successful in the 21st century.

The first \$25,000 annually in capital gains profits for individuals and \$50,000 for those filing joint federal tax returns would be exempt — higher than any other state in the nation.

Exemptions mirror those that exist in federal law for capital gains from the sale of:

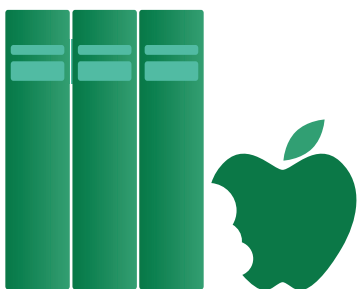
- most primary residences** (up to \$250,000 for single-filers and \$500,000 for married filers)
- retirement accounts**
- tangible personal property used in a business
- most agricultural lands and livestock
- and most timber

This tax is primarily paid by very high income earners. According to Office of Program Research estimates of historical capital gains tax collections, between 2007 and 2012 individuals filing jointly with adjusted gross income below \$250,000 and single filers with adjusted gross income below \$150,000 would have owed \$0 in capital gains taxes had this tax been in place.

Because capital gains profits are closely tied to financial markets, tax revenues from capital gains can be more variable than other sources. This proposal addresses variability from year to year by:

1. Utilizing historical tax data to set a base amount that could be virtually guaranteed each year and directing only those proceeds towards basic K-12 education;
2. Using that same data to determine a highly probable amount of funding that is dedicated to higher education;
3. Any remaining tax revenue collected is required by law to remain in the Student Investment Fund and is saved to be used for education only in those few years when collections dip below these very conservative projections.

Keeping our promises to K-12 students



Making college dreams more affordable



Saving responsibly in good years to keep investing in lean years.

