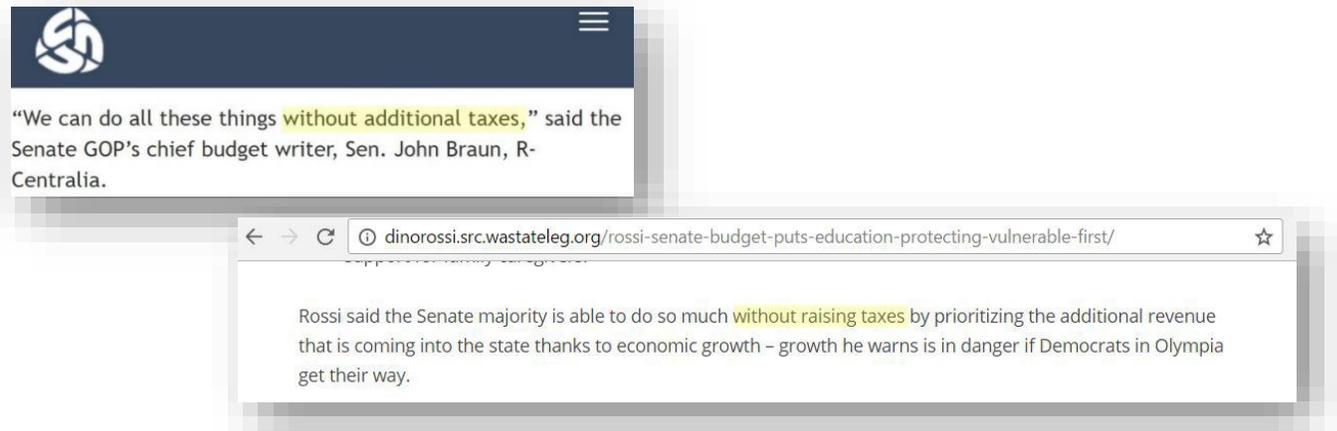


Top 5 Busted Myths about the Senate Republican Budget

Myths debunked based on *nonpartisan analysis*

1) **MYTH:** [The Senate Republican budget raises no new taxes.](#)^{1, 2}



FACT: The Senate Republican budget raises **\$5.5 billion in NEW STATE PROPERTY TAXES**³. This is a fact.

The Republican budget is sold as a “no new taxes” budget through their decision to eliminate local M&O school levies for one year, then cap levies at 10%.

*The levy discussion is a separate policy discussion that, in the current Republican form, would result in **major CUTS to education enhancements** – things like band, sports, clubs, after school programs, tutoring, and other voter-approved enhancements.*

The Senate Republican budget raises taxes.

The House Democratic budget raises taxes.

It’s no longer a question of IF taxes are going to be raised. The question is **WHO PAYS?**

Republicans want to make an **already regressive system worse** through higher property taxes for homeowners, renters, and businesses.

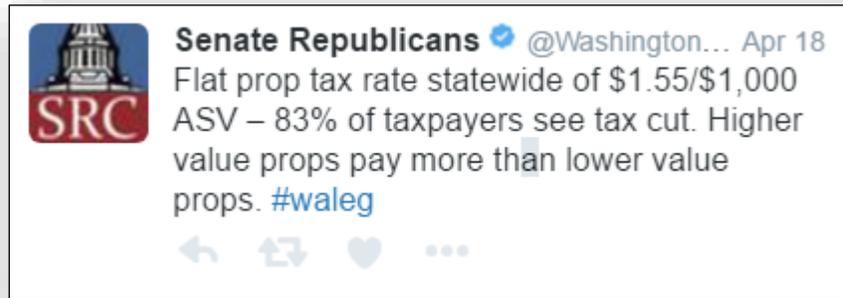
Democrats have a **progressive tax plan** that begins to fix our upside-down tax code.

¹ <http://crosscut.com/2017/03/republicans-legislature-budget-education-game-olympia/>

² <http://dinorossi.src.wastateleg.org/rossi-senate-budget-puts-education-protecting-vulnerable-first/>

³ http://leap.leg.wa.gov/leap/Budget/Detail/2017/soBudgetOutlook_0323.pdf - “Other Resource Changes: Local Effort Levy” [2017-19: \$1.5 billion, 2019-21: \$4.0 billion = \$5.5 billion in new state property tax]

2) MYTH: The Senate Republican budget lowers taxes for 83% of taxpayers.



FACT: There is no nonpartisan source to support this claim. In fact, property taxes will **GO UP** for nearly **ALL TAXPAYERS** under the Senate Republican plan.

Assuming school districts renew their local M&O levies in 2021 (full implementation of both plans) to what they are now or the 10% cap (for districts currently above 10%) **ONLY 3 of the 295 school districts will see a tax cut.** (Those three are Carbonado, Cosmopolis & Waterville.)

Homeowners, renters, and businesses in 292 of the 295 school schools will see a NET PROPERTY TAX INCREASE⁴ under the Senate Republican education plan.

	CY 2018	CY 2019	CY 2020	CY 2021
# of Districts w/ Tax Cut, Assuming No M&O	0	213	206	201
# of Districts w/ Tax Cut, Assuming No M&O	0%	72%	70%	68%
Estimated Statewide Net Property Tax Change (no M&O)	\$0.49/\$1,000	(\$0.18)/\$1,000	(\$0.08)/\$1,000	\$0.01/\$1,000
# of Districts w/ tax cut, assuming Districts Levy NEW M&O	0	213	5	3
% of Districts w/ tax cut, assuming Districts Levy NEW M&O	0%	72%	1.7%	1.0%
Estimated Statewide Net Property Tax Change (w/ M&O)	\$0.49/\$1,000	(\$0.18)/\$1,000	\$0.95/\$1,000	\$1.04/\$1,000

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	CY 2018	CY 2019	CY 2020	CY 2021
# of Occupied Housing Units in Districts w/ Tax Cut, Assuming No M&O	-	1,923,298	1,862,325	1,820,834
Occupied Housing Units in Districts w/ Tax Cut as a % of all Occupied Housing Units, No M&O		69.1%	66.9%	65.4%
# of Occupied Housing Units in Districts w/ Tax Cut, Assuming M&O	-	1,923,298	95,134	1,788
Occupied Housing Units in Districts w/ Tax Cut as a % of all Occupied Housing Units, M&O		69%	3%	0%

⁴ <http://fiscal.wa.gov/DistrictCompare03312017.xlsm>: Estimated Net Property Levy Change, SY 2020-21

3) MYTH: The McCleary decision **REQUIRES** the Legislature to reduce local levies.



FACT: The Supreme Court SPECIFICALLY stated **the state DOES NOT need to reduce local levies** to meet our constitutional obligation to fully fund education⁵.

¹ The State contends that the matter of salaries must be tied to reform of the local levy system, making this a particularly complex matter requiring time and study and discussion. Local levy reform is not part of the court's January 9, 2014, order, though in *McCleary* the court was critical of the use of local levy funds to make up for shortfalls caused by the State's failure to pay the full cost of staff salaries, and it determined that the State may not constitutionally rely on local levies to pay for basic education generally. *McCleary*, 173 Wn.2d at 536-39. We offer no opinion on whether full state funding of basic education salaries must be accompanied by levy reform, but how the State achieves full state funding is up to the legislature. And we note that the State has had ample time to deal with this matter, not just since *McCleary* but well before. See *Seattle Sch. Dist. 1*, 90 Wn.2d at 525-26 (holding unconstitutional the use of special excess local levies to fund basic education).

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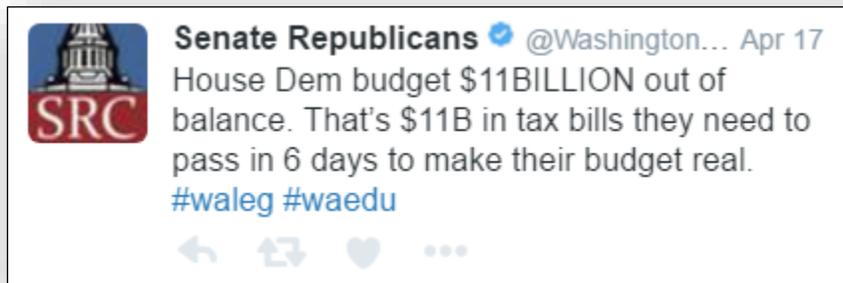
McCleary requires the state to fully fund basic education and end the reliance on local levies to fund schools. **Levy rate reform is not required to fully fund schools. What's required is implementing stable and reliable state revenue sources.**

Once schools are fully funded by the state, the Legislature can have a policy debate about limits placed on school districts regarding local M&O levies.

Local levy rate reform is a separate policy conversation, but it IS NOT a McCleary requirement.

⁵ http://www.courts.wa.gov/content/publicUpload/Supreme%20Court%20News/843627_081315McClearyorder.pdf pg. 7.

4) MYTH: The House Democratic budget needs \$11 billion in new taxes.



FACT: Both budgets assume economic growth, new revenue legislation, and other adjustments totaling about \$11 billion over the next four years.

<p>HDC revenue assumptions:</p> <ul style="list-style-type: none"> • \$39.9 billion (2015-17) • \$51.2 billion (2019-21) • HDC increase: \$11.3 billion⁶ 	<p>SRC revenue assumptions:</p> <ul style="list-style-type: none"> • \$39.1 billion (2015-17) • \$50.3 billion (2019-21) • SRC increase: \$11.2 billion⁷
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Neither chamber has passed a “complete” budget and revenue package that could be sent to the governor’s desk as is.

The Senate Republicans have over a dozen bills sitting in their chamber that are necessary to implement their budget.⁸ Both sides will need votes from the other party to pass their plans.

One chamber making demands on the other chamber and holding stunt floor votes is a waste of time and taxpayer resources.

House Democrats have been calling for negotiations to begin for weeks. **Republicans refuse to negotiate.**

The only way to reach a middle ground compromise is through negotiations, not meaningless stunts.

⁶ http://leap.leg.wa.gov/leap/Budget/Detail/2017/hoOutlook_0331.pdf - Total Revenues and Resources 2015-17 & 2019-21

⁷ http://leap.leg.wa.gov/leap/Budget/Detail/2017/soBudgetOutlook_0323.pdf - Total Revenues and Resources 2015-17 & 2019-21

⁸ SB 5254, SB 5594, SB 5809, SB 5822, SB 5853, SB 5864, SB 5866, SB 5896, SB 5897, SB 5900, SB 5904, SB 5914, SJR 8209

5) MYTH: The Senate Republican budget spends more on education than the House Democratic budget.



FACT: Kids, parents, and teachers don't care where dollars come from. They want to know the **total amount** schools would receive under each plan.

Yes, Republicans increase state funding. **BUT, they also CUT local funding through their property tax cuts.** The **NET state & local investments** is the accurate comparison.

The apples-to-apples comparison of both budgets would look at:

- Total state & local funding per student.
- Full implementation (spending over the next four school years)
- Full levy implementation allowed under both plans.

With these assumptions, the apples-to-apples comparison, total increase in spending per student:⁹

- House Democrats: **\$2,926 increase**
- Senate Republicans: **\$1,913 increase**
- **Difference \$1,013 (53% more under Democratic plan)**

Bottom line: The Democratic education funding plan meets the needs of Washington's 1.1 million school kids while preserving local control that allows school districts to address the unique needs of their communities.

⁹ <http://fiscal.wa.gov/DistrictCompare03312017.xlsm>: Estimated change in funding per pupil at full implementation (SY 2020-21). NOTE: These figures have been updated from an earlier version, which incorreccted stated the total new funding increase for both plans over four years.