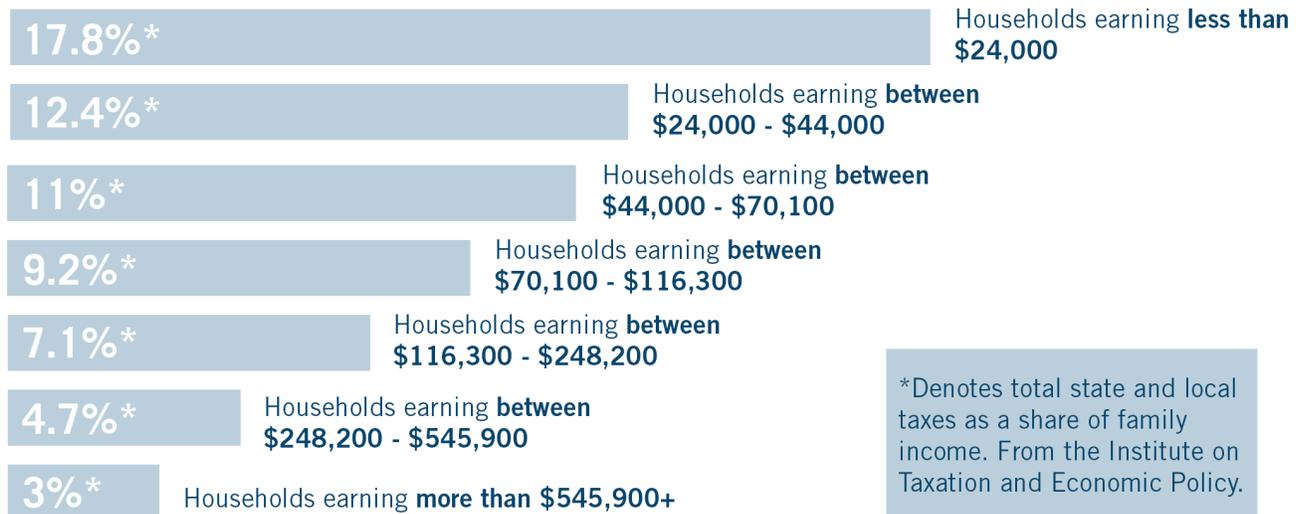


A BALANCED APPROACH FOR WASHINGTON INVESTMENTS

WASHINGTON HAS A PROBLEM: WITHOUT INVESTMENTS FROM THE WEALTHY, AVERAGE TAXPAYERS CARRY THE BULK OF THE TAX BURDEN

Washington's taxes benefit the very rich because the tax code relies on sales, property, and business taxes with massive carve-outs and exemptions for the wealthiest people and corporations. When the Legislature needs to invest in K-12 education, financial aid for college students, or high-quality pre-kindergarten, the burden falls heavily on the middle class, not the wealthy.

WHO IS ACTUALLY PAYING?



EXTRAORDINARY PROFITS TAX & THE PROGRESSIVE REAL ESTATE EXCISE TAX

The Extraordinary Profits Tax & the Progressive Real Estate Excise Tax Bring Balance While Making New Investments

Instead of asking all hard-working families to pay more property taxes or sales taxes, we are asking the wealthiest people living off their investments to contribute to the things we all need. That includes quality schools, special education, and high-quality pre-kindergarten for working families.

WORKFORCE EDUCATION INVESTMENT

The Workforce Education Investment Creates the 21st Century Workforce Businesses Need

The Workforce Education Investment dramatically expands programs Washington needs to ensure students are ready for the jobs of the future. It addresses demand through targeted investments by bringing together students, parents, higher education institutions, workers, and businesses.

A BALANCED APPROACH FOR WASHINGTON INVESTMENTS

EXCISE TAX ON THE EXTRAORDINARY PROFITS OF HIGH VALUED ASSETS

This new 9.9% excise tax only applies when the sale of high valued assets, including stocks and bonds, generates profits for married couples of \$200K or more (\$100k for single-filers). Of Washington's 3.65 million taxpayers, **only about 0.4% have high profits and would pay the tax. That's less than 14,000 households.**

The following sales would be **100% EXEMPT** and not subject to this tax:

- Retirement Accounts (IRA, 401K, etc.)
- Sale of all single-family residences, duplexes, and triplexes
- Sale of cattle, horses, breeding livestock
- Sale of agricultural lands or timber and timberlands
- Sale of certain qualifying small businesses

Estimated revenue impact for **FY 19-21: \$780 million / FY 21-23: \$1.9 billion**

A PROGRESSIVE REAL ESTATE EXCISE TAX (REET)

Washington property sellers all pay the same flat rate. Instead of the flat 1.28% that exists today, the progressive REET structure introduces a new graduated rate structure. Under our proposal, **about 80% of sales will pay less taxes and about 18% will see no change.**

Selling price of:

- \$500K or less = rate reduced to 0.9%
- **greater than \$500K and less than \$1.5 million** = 1.28% (current law)
- **greater than \$1.5 million and less than \$7 million:**
 - The portion of the sale less than \$1.5 million = 1.28% (current law)
 - The portion of the sale over \$1.5 million and less than \$7 million = 2.0%
- **greater than \$7 million**
 - The portion of the sale less than \$1.5 million = 1.28% (current law)
 - The portion of the sale over \$1.5 million and less than \$7 million = 2.0%
 - The portion of the sale over \$7 million = 3.0%

Estimated revenue impact for **FY 19-21: \$130.3 million / FY 21-23: \$190.6 million**

WORKFORCE EDUCATION INVESTMENT

- Expands access to the Washington College Grant (formerly the State Need Grant).
- Makes career pathways a priority by expanding programs that guide students through community and technical colleges or apprenticeships and increases counseling.
- Increases capacity at the public community and technical colleges and four-year institutions for high-demand programs, such as computer science, engineering, nursing, and other high-demand fields.

Businesses that pay the increased assessment (from 1.5% to 1.8%) include those that rely heavily on workers with a post-secondary education (Ex: Software engineers, accountants, doctors, management services, etc.). Large global technology companies could have a rate up to 2.5%.

Estimated revenue impact for **FY 19-21: \$427.4 million / FY 21-23: \$613.1 million**