

# Decision time: To tax or not to tax

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The state Legislative Building in Olympia is shown on Jan. 3, 2013. TONY OVERMAN — The Olympian [Buy Photo](#)

Washington lawmakers are still perched on the political high-wire, looking for compromise on a two-year state budget by month's end. July 1 is when spending authority for agencies lapses. Some functions of government such as parks will completely shut down, and many other agencies will run on skeletal staffs or shut their doors.

Prisons would still operate, and some key public safety work would go on. But lawmakers obviously need to cut a deal that avoids such a shutdown.

And as lawmakers move closer to needing a third special session, our message is blunt: Senate Republicans need to budge on raising taxes. So far, they've resisted — and apparently killed — the capital gains tax that would land on a relatively few wealthy Washingtonians while providing a needed infusion of revenue to help pay for public schools and other services.

That's why a counter-proposal by Gov. Jay Inslee, to consider repealing tax exemptions, makes sense. House Democrats agree and introduced a [bill heard Monday in committee](#) that would raise \$356 million in the coming biennium.

[House Bill 2269](#) removes the sales tax exemption on bottled water; repeals the automatic sales-tax break for out-of-state shoppers from low sales tax states; ends the preferential business tax rate on prescription drug resellers; narrows an exemption used by oil refineries for waste products burned as fuel; repeals a preferential business tax

rate for software royalties; limits real estate tax exemptions for foreclosures; increases late tax-payment penalties; and extends some taxes to wholesalers whose business has a connection to the state.

There's an argument for and against each one of those. But these appear to be what's left of the lower-hanging fruit on the tax tree as Democrats look for less politically popular exemptions to close.

Of course, a 7 percent capital gains tax hitting only those gains exceeding \$25,000 a year for individuals and \$50,000 for couples was the best option for providing revenue in addition to equalizing the tax code.

Absent that, repealing tax breaks is the best option. If those spelled out in the House bill are not acceptable, we'd like to learn what options the Senate Republicans want to offer besides a budget plan that robs money from public works accounts, borrows money, scrimps on general-fund resources for parks and offers smaller pay raises to teachers.

Republicans have an argument that may spare them some public scorn in the event government does shut down. They can say state revenues are up by more than \$3 billion since the last biennium, and they can say they agreed to raise spending in the biennium by close to \$4 billion.

But legitimate taxpayer costs are up. These costs include repairs to the state safety net after Great Recession cuts, state Supreme Court demands for funding K-12 schools, other court demands for funding mental health care, the first general wage adjustment for state and school workers since 2008, and efforts to freeze or even reduce college tuition.

Democrats have dropped some spending demands. But a fair solution now requires just a bit more money than is yet available. If Republicans are serious about cutting college tuition in light of all these budget constraints, they need to move.

It's time for a deal — not a shutdown.

Read more here: [http://www.theolympian.com/2015/06/24/3788958\\_decision-time-to-tax-or-not-to.html?rh=1#storylink=cpy](http://www.theolympian.com/2015/06/24/3788958_decision-time-to-tax-or-not-to.html?rh=1#storylink=cpy)