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Eyman has one thing right: lower sales tax

By John Burbank

The polls may tell us we're divided on who to vote for, but in our hearts I think we all want similar things: to ensure kids can get a strong start in life, to have a college degree or a professional trade to be within everyone's reach, to have clean and safe places to play; and to live in safe and vibrant neighborhoods.

A good public budget plans for today's priorities, for future needs, and for the unexpected — and taxes allow a community to pay for the public goods and services for which it has planned.

The latest Eyman Initiative, I-1366 (which just squeaked by with a 51 percent yes vote) could threaten all of that — but only if we let it. I-1366 says the Legislature has to either reduce the sales tax rate by one penny — which would, over the next 6 years alone, cut \$8 billion from K-12 and higher education, mental health services, foster care and more — or vote to put a constitutional amendment on the 2016 ballot that would give a super-super minority of 17 out of 147 legislators the power to effectively stop any future tax reform, including closing corporate tax loopholes.

There are four ways our elected leaders can respond. Only one really has any hope of helping:

- The Legislature can do nothing and hope that the state Supreme Court finds I-1366 unconstitutional. That is a hope, not a certainty.
- The Legislature could vote to repeal the initiative, but that takes a two-thirds vote of both houses, which is unlikely given the prolonged partisan showdown over the budget this past year.
- The Legislature could vote to put the undemocratic constitutional amendment proposed by I-1366 on the ballot, but again, that takes two-thirds vote of both houses. Unlikely at best.
- The fourth option is to do Eyman one better, and double the sales tax decrease proposed in I-1366. Here's why — and how.

Washington's sales tax hits low- and middle-income people much harder than the wealthy, because people with less money have to spend more of it on the basics. Low income families contribute \$1 out of every \$8 they make for sales and excise taxes. Middle class families contribute \$1 for every \$13. The top 1 percent of families, those receiving more than a half-million dollars a year, contribute \$1 for every \$63 they receive. Under this system, cutting the sales tax is a big help for middle class and working class family finances ... if that money is replaced with new revenues to fund the public services on which we all depend.

On the other hand, if we reduce the sales tax without a new source of revenue we can forget about reducing

tuition at our colleges or reducing class sizes in our elementary schools. The only way we can pay for shared priorities like education, health care, stamping out forest fires, and public parks is if that money is replaced ... and more.

So, let's take a lesson from our neighbors in Idaho and Oregon and forty-three other states where people who receive more, pay more in taxes toward our community priorities — so all of us can have access to these public goods now and in the future. That is called an income tax!

Here is a dead-simple way to do it: the Legislature entirely exempts the first \$50,000 of income from taxation, then the tax steps up the income ladder, so the effective tax rate is zero for families at \$50,000, 2 percent for families at \$100,000 (\$2,000 in taxes), 5 percent for \$500,000 of income, and 10 percent for a million dollars or more of income.

Washington has a lot more wealthy people than most other states. They just don't pay their fare share of taxes. This progressive income tax would fix that and bring in \$7.5 billion a year. Combined with a 2-cent sales tax decrease, as opposed to Eyman's 1 penny, and legislators will have lowered taxes on three out of four households in our state — and still meet our government's duty to fund the foundations of economic opportunity and a prosperous economy.

A bold legislature would take advantage of Initiative 1366 to pass this tax reform to benefit all of our citizens. But will they be bold?

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