

Resolution Supporting a Washington State Capital Gains Tax

1 WHEREAS the obligation under current state law for the 2013-15 biennium is more than \$1.2
2 billion more than projected revenue during that period; and

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4 WHEREAS the Joint Task Force on Education Funding created by the State Legislature
5 determined that an additional \$1.4 billion is needed during this biennium, and an additional
6 \$4.5 billion by the 2017-19 budget cycle, to fulfill obligations outlined in the Washington State
7 Supreme Court's *McCleary* decision requiring full funding of K-12 basic education; and

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9 WHEREAS Washington State was again rated in 2013 as having the most regressive state and
10 local tax system in the U.S. with those with the lowest income paying 17% of their income in
11 state and local taxes, while the 1% with the highest income pay only 3%; and

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13 WHEREAS Washington is one of only seven states that does not tax capital gains, dividends or
14 interest and in 29 states capital gains tax rates are greater than 5%; and

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16 WHEREAS no other currently proposed single source of funding can come as close to closing
17 the budget deficit; and

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19 WHEREAS capital gains are highly resistant to downturns in the economy with the Dow Jones
20 Industrial Average growing by 47% during the period from 2009 to 2011, while personal
21 consumption expenditures only grew by 9% and wages and salaries grew by less than 2%
22 during that period; and

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24 WHEREAS fewer than 12% of Washingtonians have taxable capitals gains income, but only 3%
25 of Washingtonians have annual capital gains income greater than \$5,000 for individuals and
26 \$10,000 for married couples; and

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28 WHEREAS a flat 5% capital gains tax on those 3% of Washingtonians would generate more
29 than \$1 billion during the 2013-15 biennium; now

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31 THEREFORE BE IT RESOLVED we, the Washington State Democratic Central Committee,
32 call upon the Washington State Legislature to pass a capital gains tax both to fill our budget
33 deficit and to meet our obligations ordered in the *McCleary* decision; and

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35 THEREFORE BE IT FINALLY RESOLVED that the Washington State Democratic Central
36 Committee urges each member of the Washington State Legislature to pass a state capital gains
37 tax to make our taxes fairer and to fund necessary programs.

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40 Submitted by the 30th Legislative District Democrats to the Washington State Democratic Central
41 Committee for consideration at its April 27, 2013 meeting in Chelan (submitted 4/19/2013)

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43 The WSDCC Resolutions Committee "AMENDED THIS RESOLUTION AND RECOMMENDED A
44 PASS" at its April 27, 2013 meeting in Chelan.

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46 The WSDCC "PASSED" this resolution at its April 27, 2013 meeting in Chelan.