

Tax advocates have created a phony crisis

Cynical new strategy obscures real goal – the income tax

For years, advocates of higher taxes and spending have tried to convince the people of Washington that an income tax is good for them. But those pesky voters have said no 10 straight times.

So how do income-tax backers solve the problem?

Step 1: *Take it to court*



The state Supreme Court ruled in 1933 that a graduated income tax requires a constitutional amendment. That's what forces a public vote. Tax advocates need to reverse the ruling to **cut the people out of the decision**. They're sure our current liberal court can find an excuse.

- **An incremental victory for tax activists.** The Seattle City Council, dominated by progressive activists, attempted to set up a test case by passing a municipal income tax. Last year the Supreme Court said no, but the litigation achieved one goal. A state law preventing cities from imposing local income taxes was thrown out by the Court of Appeals.
- **The Legislature is creating a test case.** If the Legislature passes any type of income tax, capital gains or otherwise, a court challenge is certain. This would give tax advocates a new opportunity to make their arguments before the court, and eliminate the voters from the decision.

Step 2: Start by “soaking the rich” – the rest of us come later



An income tax is easier to swallow when it looks like somebody else will pay. Recent proposals target “the rich.” Once a tax is on the books, it can always be expanded later.

- **Since 2010, advocates have pushed a narrow type of income tax, on capital gains.** This divide-and-conquer strategy targets the few who are compensated with stock options.
- **When collections plummet in the next recession, this new income tax can be expanded to the middle class.** They’ll just have to reprogram the computers.

Step 3: Create a phony crisis only an income tax can solve

How can anyone justify a tax increase when the state’s economy is hurting? How about creating the impression of a crisis?

- **Democratic leaders refused to address the state’s financial problems.** Forty-five other states held emergency legislative sessions when the COVID-related economic shutdown caused tax revenues to tank. But not Washington. Gov. Jay Inslee refused to call a special session. This prevented the Legislature from making important course corrections, and deepened financial trouble. Yet the surprising vitality of the Washington economy has made problems manageable without a tax increase.
- **The capital gains income tax is being sold as a COVID relief measure.** Yet the tax cannot be implemented in time to affect the current situation. We can expect lengthy court challenges, and if courts give the OK, the tax would still take a year to implement. By then COVID will be over and gone.
- **We’ve seen it all before.** Every time the state faces a new financial demand, the income tax is trotted out as a solution – even if it wouldn’t solve anything. Until recently, the favorite justification was school funding. Before that, it was health care reform. We resolved those issues without an income tax. We can do it again.