

Tax advocates 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 11 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. In 2020, 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 set up a test case.** Tax advocates knew that if the Legislature passed an income tax of any sort, even if it called it something else, a court challenge would be certain. That's exactly what happened. As of December 2021, a lawsuit is headed to the state Supreme Court. The state Attorney General's office is defending the new tax. It is urging the court to overturn its 1933 decision and rule that a graduated income tax is constitutional. This would mean no constitutional amendment is needed, no public vote is required – and would allow the Legislature to expand the income tax to the middle class the next chance it gets.

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 booming?
How about creating the impression of a crisis?

- **The capital gains income tax was sold as an “emergency” measure – to launch a new childcare program.** There had to be an excuse, but this one was as silly as they came. The Legislature was awash in money in 2021, thanks to the quick rebound of our economy and federal COVID relief funds. Majority Democrats had trouble spending it all. But they did, and then declared the state needed a new childcare program – an “emergency” that required an income tax. Since then, our economy has continued to boom. Tax projections are up more than \$7 billion since the end of the 2021 session. More than enough for childcare, if it’s really an emergency. Mainly, by “declaring an emergency,” Democrats blocked the people from filing a quick-and-easy referendum that certainly would have overturned the tax.
- **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 the economy rebounded in late 2020, it was a “COVID relief measure.” Before that, the excuse was school funding. And before that, it was health care reform. We didn’t need an income tax to resolve those issues, and we certainly don’t need it now.