

# Tax Structure Work Group Update

Dean Carlson – Senior Tax Policy Coordinator  
Business Advisory Council  
September 19th, 2022



# Who is the Tax Structure Work Group (TSWG)?



Rep. Noel Frame, Co-Chair  
(D-Greenwood)



Sen. Keith Wagoner, Co-Chair  
(R-Sedro-Woolley)



Rep. Pat Sullivan (D-Covington)



Rep. Ed Orcutt  
(R-Kalama)



Rep. Jesse Young (R-Gig Harbor)



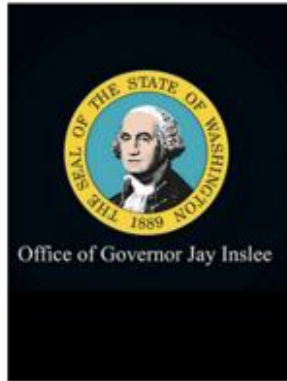
Sen. Joe Nguyen  
(D-White Center)



Sen. Lisa Wellman (D-Mercer Island)



Sen. Phil Fortunato  
(R-Auburn)



Scott Merriman,  
Governor's Legislative  
Liaison



Dean Carlson, Senior Tax  
Policy Coordinator, DOR



Mayor Anne McEnerny-Ogle, City of Vancouver  
(representing the  
Association of  
Washington Cities)

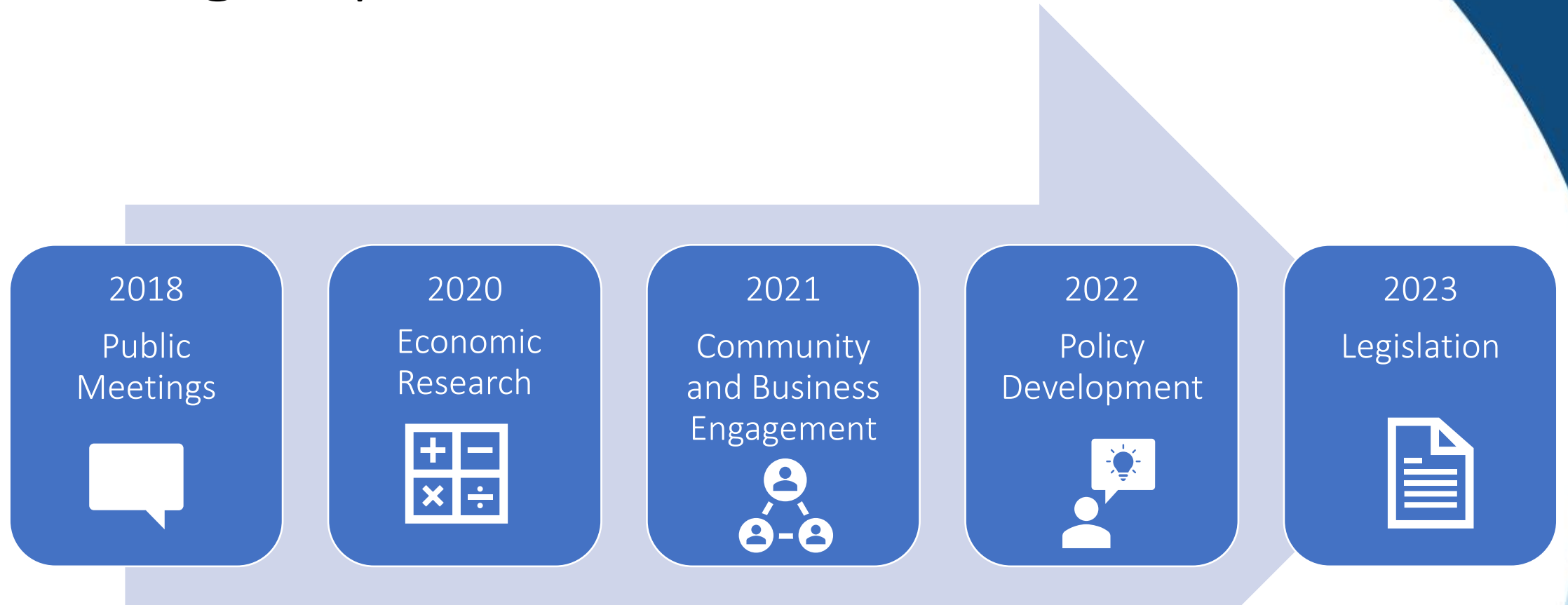


Councilmember Derek  
Young, Pierce County  
(representing the  
Washington State  
Association of Counties)





## GOAL:

*To improve Washington's state taxes to better serve the people of Washington.*

# Workgroup Timeline



# Engagement Methods

			Community Members	Businesses	Immigrant Groups	Geographic Regions
Real Time Engagement		"Go to You" Meetings	✓	✓	✓	
		Multilingual Listening Sessions			✓	
		Tax Town Halls				✓
Any Time Engagement		Online Survey	✓	✓	✓	✓
		Paper Survey	✓		✓	✓
		Tax Calculator	✓	✓	✓	✓

# Tax Scenarios: Ideas for Washingtonians to Consider

Update Property Tax  
and Tax Personal  
Wealth



Property Tax



Wealth Tax

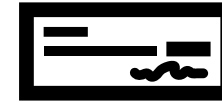
Replace B&O Tax  
and add Employer  
Compensation Tax



B&O Tax



Value Added Tax or  
Margins Tax



Employer  
Compensation Tax

Tax Personal Income  
and Corporate Income



B&O Tax



Sales Tax



Property Tax



Personal Income  
Tax



Corporate  
Income Tax

Change Property  
Tax Limit Factor



Property Tax

# What is off the table...

- Personal and corporate income tax
- Employer compensation tax
- Value added tax

What is still on the table?

*...on the table*

# Property Tax & WFTC Relief

## 1. Create a:

- State Property tax exemption in the form of a remittance for the first \$250,000 of assessed value on residential property
- Corresponding renters' credit

## 2. Change the property tax levy limit of 1% to population + inflation

## 3. Expansion of the Working Families Tax Credit.



# Wealth Tax

Impose a wealth tax on individuals who reside in Washington. Still to be determined:

- ▶ How much to be exempted? Previous proposals exempted the first \$1 billion
- ▶ What the rate will be?

# Margin Tax

Impose a business tax on margins.

- ▶ One rate for all businesses

Gross receipts minus the greater of four deductions:

- ▶ Cost of goods sold
- ▶ Compensation paid
- ▶ 30 percent of taxable income
- ▶ \$1 million

# What is next

**September 21 Meeting** – Discussion and clarification of details for those items still on the table

**November 14 Meeting** – Voting on which proposals to recommend to the legislature

**December 13 Meeting** – Final details of proposals to the legislature

# Questions?

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To stay up to date with the Tax Structure Work Group, view their website:

<https://taxworkgroup.org/>

Or sign up to receive meeting information and updates here:

<https://taxworkgroup.org/engage>

