Washington’s tax code is an untapped resource to advance racial justice

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Three key points

• Legacy of discrimination and racial oppression reverberates today

• Today’s tax code is a major barrier to racial equity

• It doesn’t have to be this way!
Income inequality is *worsening* in Washington state

- **Top 1%**: 142%
- **Everyone else**: -1%

Source: Center on Budget and Policy Priorities, Economic Policy Institute, income growth from 1979-2013, inflation-adjusted.
Three key points

• Legacy of discrimination and racial oppression reverberates today
History of oppression

• Endorsement of slavery
• Anti-Asian taxes
• Impeding Native American fishing rights
• Abusive treatment of Mexican guest workers
Today’s reality

• Rampant housing discrimination
• Employment discrimination
• Gigantic racial wealth gap
The racial wealth gap in America is staggering.

<table>
<thead>
<tr>
<th>Race</th>
<th>Median Wealth</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>$171,000</td>
</tr>
<tr>
<td>Latino</td>
<td>$20,700</td>
</tr>
<tr>
<td>Black</td>
<td>$17,600</td>
</tr>
</tbody>
</table>

Source: Board of the Federal Reserve System, Survey of Consumer Finances, 2016; median wealth by race/ethnicity.
Tax code is a barrier to racial equity

• Can’t sustain community investments

• Regressive taxes disproportionately harm people of color
Revenue for community investments continues to *erode*.

Source: Washington State Economic and Revenue Forecast Council; state-only tax revenue (NGF-O) as a share of total state personal income by fiscal year.
Tax code is a barrier to racial equity

- Can’t sustain community investments
- Regressive taxes disproportionately harm people of color
Lowest income households pay *highest* tax rates in Washington state

Source: Institute on Taxation and Economic Policy, average effective state and local tax rate by income group in 2018
Washington’s tax code *exacerbates* racial injustices

Source: Institute on Taxation and Economic Policy; distribution of income groups by race/ethnicity in 2015
It doesn’t have to be this way!

• Invest in communities by ensuring the wealthy pay their fair share

• Reduce taxes for those struggling to make ends meet
Thank you!

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Working Families Tax Credit benefits those most in need

Share of total Working Families Tax Credits by income group:
- Poorest 20%: 70%
- Second Poorest 20%: 25%
- Middle 20%: 4%
- Fourth 20%: 1%
- Richest 20%: 0%
Millionaires and billionaires claim more than two-thirds of all capital gains in Washington state

Share of total capital gains claimed in Washington state in 2016

Source: Washington State Budget & Policy Center calculations; data from the IRS.
Capital Gains Go Overwhelmingly to Wealthy Families
Share of total capital gains, 2018

- Top 1 percent: 69%
- 80-99th percentile: 22%
- 60-80th percentile: 5%
- Lowest 60 percent: 4%

Note: Capital gains are the gains on the value of assets such as stocks and real estate.
Source: Urban-Brookings Tax Policy Center, T18-0231
1. A capital gains tax could generate

$1 billion

In revenue to spend on Community Investments
Questions