

## **Issue: Dedicated Revenue**

**Author(s)/Sponsor(s):** Heather Heffelmire

**Endorsements:**

**Proposed Action Agenda Item Title:** Dedicated Revenue

### **1) Describe the Issue**

Trends show a clear state divestment in higher education where students suffer from greater financial burden and dramatic tuition increases. In fact, “Twenty years ago, the state government paid 80 percent of the cost of a student's education and a student paid 20 percent. Today, the state pays 30 percent of the cost, and the student pays 70 percent.”<sup>1</sup> As the cost of higher education increases, many students are unable to pursue postsecondary education or do so but graduate with increasing amounts of debt that haunt them for many years. In fact, 2013 graduates are leaving college with an average of \$35,200 of debt.<sup>2</sup> This debt disadvantages students and delays them from starting their lives post-graduation, which also negatively affects the economy as a whole. Supporting graphs can be accessed.<sup>3</sup>

In order to improve the affordability and accessibility of higher education, the state must increase their financial contribution, which is nearly impossible without an increase in consistent revenue from reliable sources. With new and dedicated revenue, higher education institutions will no longer suffer from budget cuts, the quality of education has the potential to increase, tuition will not continue to skyrocket, more students will be able to attend higher education, and students will not graduate with as much debt.

This proposal will attempt to offer clear and realistic sources of new and dedicated revenue that can be specifically allocated towards higher education. The criterion for these suggestions have taken into account three basic considerations: 1) avoid increases to extremely regressive taxes that will disproportionately harm people of lower income, 2) aim for tax increases that internalize negative externalities that would otherwise harm society as a whole, 3) does not significantly impact the overall economy of Washington State in a negative way.

---

<sup>1</sup> [http://seattletimes.com/html/opinion/2018504888\\_guest25blakecole.html](http://seattletimes.com/html/opinion/2018504888_guest25blakecole.html)

<sup>2</sup> <http://money.cnn.com/2013/05/17/pf/college/student-debt/>

<sup>3</sup> <http://www.wsac.wa.gov/sites/default/files/7-20-09%20Funding%20and%20Costs%20HE%20-%20FINAL.pdf>, 7, 8, 10.  
<http://opb.washington.edu/sites/default/files/opb/Policy/Peer-Funding-Comparison-BRIEF.pdf>

## Tax Cannabis

1-502 was approved by WA state voters in the 2012 statewide elections. This initiative legalized recreational cannabis use, established procedures for developing future regulations concerning its production and distribution and finally imposed a series of taxes on its future revenues. It is estimated that over the next five years, as much as \$349,341,000 could be generated and deposited into the state's general fund which may be used for any governmental purpose as it is appropriated by the legislature.

## Tax Alcohol

Since the passage of 1-1183, which privatized the sale of liquor, "the government is collecting more tax revenue than anticipated."<sup>4</sup> "The state expects to collect around 37 percent more from liquor taxes and fees in this current fiscal year compared to the final year under state control. This fiscal year's anticipated revenue of \$425 million includes some onetime gains. FY2014's estimated haul is \$369 million. By contrast, the final year of state control brought in \$309 million."<sup>5</sup> Recently, a Bellingham community member noted that privatizing alcohol has made it more accessible, which explains the increase of tax revenue. It would be requested that revenue beyond what was anticipated will be allocated towards higher education.

## Tax Lottery Winnings

Although lottery winnings are already implicitly taxed, this tax should be increased for the purpose of funding higher education. Washington state's current implicit lottery tax revenue results in a profit equivalent to \$19 per person, which is lower than the U.S. average at \$58 per person and significantly lower than the first ranked state, Delaware, which collects a \$370 per person equivalent of profit.<sup>6</sup> It would be extremely advantageous if Washington were to increase the per capita equivalent collections to at least the U.S. average.

## Close the Extracted Fuel Exemption

As part of a multi-year effort on climate policy and with a looming need to find new revenue to support higher education, this proposal would build on a campaign initiated by the environmental community in 2013 to eliminate the "extracted fuel exemption" in state tax code.<sup>7</sup> Oil companies benefit directly from

---

<sup>4</sup> <http://www.opb.org/news/article/npr-liquor-privatization-in-washington-state-one-year-later/>

<sup>5</sup> *Ibid*

<sup>6</sup> <http://taxfoundation.org/article/lottery-tax-rates-vary-greatly-state>

<sup>7</sup> <http://www.re-sources.org/gpt/legislation#TOC-Stop-Giveaways-to-Dirty-Fuels>

a well-funded higher education system that trains skilled workers and engineers, but in recent years taxpayers and students have borne the burden of financing this investment.<sup>8</sup>

A policy closing the loophole would align strategically with a revenue conversation in the Legislature and generate \$41 million-\$63 million per biennium to provide state education needs,<sup>9,10</sup> and provide ongoing education and organizing opportunities to align with and expand student power on campuses around climate change issues.

Exemption is included in [RCW 82.12.0263](#).

### **B&O Tax for R/D firms**

Last year the WS A lobbied to remove a B/O tax exemption for R&D firms and divert those funds into a program designed to increase funding for STEM degrees. This year the WS A should once again pursue this initiative. The tax exemption should be allowed to expire in 2015. The revenue should be dedicated to higher education, either in the form of funding STEM or by going into the general fund.

### **Double the Estate Tax**

This was a proposal by Rep. Pollet and the WEA and was proposed as a dedicated revenue source to higher education. It would affect approximately 300 people a year. This would raise an estimated 160.3 million for the 2013-2015 biennium. 13

### **First Time Mortgage Lenders Tax Loophole**

Banks that lend to first time home buyers do not pay tax on profits. This was originally designed to benefit WaMu, a bank that no longer exists. This would generate 100million per biennium in taxes paid by Wall Street banks.

---

<sup>8</sup> <http://www.dailyca.org/2013/03/06/senator-proposes-oil-severance-tax-to-fund-higher-education/>

<sup>9</sup> <http://www.re-sources.org/gpt/legislation/JLARC-Oil-Loophole.pdf>

<sup>10</sup> <http://daily.sightline.org/2013/01/10/hog-wild-loophole/>

<sup>13</sup> <http://housedemocrats.wa.gov/tmp/2013/04/RevenuePackageDescriptions-vs4-4-9-13-Press.pdf>

**Western Washington University  
Associate Students Legislative Affairs Council  
Dedicated Revenue Proposal Tax-Loophole Target List**

**82.04.330 AGRICULTURAL PRODUCERS**

**82.04.410**

Description: B&O tax exemption is provided for farmers who grow, raise, or produce agricultural products for sale at wholesale. Agricultural products are defined in RCW 82.04.213 to include any product of plant cultivation or animal husbandry', plantation Christmas trees, animals, birds, insects and fish, as well as the products obtained from animals, such as eggs, milk and honey. RCW 82.04.410 specifically exempts hatching eggs and poultry' used in production of poultry products.

Purpose: To aid an industry that was severely depressed in 1935 when the exemption was enacted. The exemption recognizes the low profit margins and high transportation costs faced by most farmers. Furthermore, farmers in Washington have little ability to affect the prices for their products which are determined by national markets, and thus they cannot pass on the tax to their customers.

Category/Year Enacted: Agriculture. 1935

Primary Beneficiaries: Approximately 30,000 producers of agricultural products. However, only about 10,000 - 12,000 of these would have taxable income in excess of the small business tax credit.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY 2014</u>	<u>FY2015</u>
State tax	\$32,610	\$36,960	\$38,040	\$39,130
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?  
Yes, although registration of many small and part-time farming operations would be required.

#### 82.04.315 INTERNATIONAL BANKING FACILITIES

Description: B&O tax exemption is provided for the income of international banking facilities (IBF) located in Washington. An IBF means a branch or agency of a foreign bank, a set of segregated accounts for international banking maintained by a commercial bank with its principal office located in this state, or an Edge corporation or qualifying agreement corporation under section 25 of the Federal Reserve Act.

Purpose: To encourage international trade transactions through Washington financial institutions.

Category/Year Enacted: Business incentive. 1982

Primary Beneficiaries: Banks headquartered in this state providing international banking services.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY 2014</u>	<u>FY2015</u>
State tax	\$13,060	\$14,560	\$13,880	\$16,110
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Yes.

#### 82.04.650 INVESTMENT CONDUITS & SECURITIZATION ENTITIES

Description: B&O tax exemption is provided for financial institutions engaged in packaging loans and offering them for sale. The exemption applies to amounts received by an investment conduit or a securitization entity during the process of loan securitization. Such entities must be created by a financial institution or bank holding company for the purpose of holding cash or securities. Among the various requirements, such entities must: (1) have no employees; (2) have no profit-making motive; (3) and own no tangible assets other than the cash, securities, or discrete pools of credit or charge card receivables.

Purpose: To avoid taxing the same revenue stream more than one time by making it clear that the activities of investment conduits and securitization entities are not subject to B&O tax.

Category/Year Enacted: Other business. 2010

Primary Beneficiaries: Financial institutions engaged in securitizing loans.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY 2014</u>	<u>FY2015</u>
State tax	\$ 2,289	\$ 2,289	\$ 1,907	\$ 1,907
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Yes.

82.04.4281 INVESTMENT INCOME OF NONFINANCIAL FIRMS

Description: Deduction is provided for interest, dividends and capital gain income earned by persons who are not engaged in banking, loan, security or other financial businesses.

Purpose: The B&O tax is intended to apply for the privilege of engaging in business. This deduction reflects the perspective that investment income by nonfinancial firms is not considered as engaging in business.

Category/Year Enacted: Tax base. 1935; clarified in 2002.

Primary Beneficiaries: Nonfinancial corporations (44.2% of the total); individuals (49.2%); and partnerships (6.6%).

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY 2014</u>	<u>FY2015</u>
State tax	\$326,200	\$346,800	\$307,100	\$329,700
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Yes, although compliance might be problematic.

82.114.405 STATE-CHARTERED CREDIT UNIONS

Description: Credit unions organized pursuant to state law are exempt from B&O tax.

Purpose: To provide comparable tax treatment with federally-chartered credit unions.

Category/Year Enacted: Other business. 1970

Primary Beneficiaries: Approximately 70 state-chartered credit unions.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY 2014</u>	<u>FY2015</u>
State tax	\$30,000	\$30,000	\$26,000	\$ 26,000
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Possibly; state-chartered credit unions could simply apply for federal charters. However, there are benefits to being organized as a state-chartered credit union which might exceed the potential B&O tax liability.

82.04.260(9) INSURANCE AGENTS

Description: A preferential B&O tax rate of 0.484 percent is provided for revenue derived in the form of commissions by insurance agents and brokers. Previously, this activity was subject to the B&O service classification at a rate of 1.5 percent (now 1.8 percent on a temporary basis). It was reduced to 1.1 percent in 1983 and to 0.55 percent in 1995. In 1998, the rate was reduced to the current level as part of a B&O tax rate consolidation.

Purpose: To reflect the perception that insurance companies could not pass on the increased taxes to their current policy holders when the B&O service rate was increased in 1983.

Category/Year Enacted: Other business. 1983; further reduced in 1995 and 1998.

Primary Beneficiaries: Approximately 5,000 taxpayers benefit from this tax rate reduction.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)	FY2012	FY2013	FY 2014	FY 2015
State tax	\$25,714	\$26,481	\$21,054	\$21,682
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Yes.

48.14.021 PENSIONS, ANNUITIES, PROFIT-SHARING PLANS

48.14.02(1)

Description: Premiums received from policies or contracts issued in connection with a pension, annuity, or profit-sharing plan which is qualified under the Internal Revenue Code are exempt from insurance premiums tax. Most of the revenue impact is associated with annuities; insurance companies receive little income related to pensions or profit-sharing plans.

Purpose: To support pensions, annuities and profit-sharing plans.

Category/Year Enacted: Tax base. 1963

Primary Beneficiaries: Insurance companies involved with these products.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)	FY2012	FY2013	FY 2014	FY2015
State tax	\$83,412	\$83,829	\$84,667	\$85,514
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Yes.

82.04.050(9) FEED AND SEED

Description: Sales of feed and seed are excluded from the definition of retail sale, if they are used in the commercial production of any agricultural commodity. The same statute exempts feed and seed sold to landowners that participate in specified federal conservation and habitat protection programs or a cooperative habitat agreement with the Washington State Department of Fish and Wildlife.

Purpose: To support the agricultural industry. Also it could be argued that feed and seed are similar to component parts (and therefore are purchased for resale), because they are absorbed into or become an integral part of an agricultural product.

Category/Year Enacted: Agriculture. 1935, seed added in 1943. Conservation/habitat added in 1997.

Primary Beneficiaries: Farmers and the vendors who supply feed and seed to them.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY 2014</u>	<u>FY2015</u>
State tax	\$58,410	\$59,580	\$ 60,770	\$61,990
Local taxes	\$14,450	\$14,470	\$15,030	\$15,340

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Yes.

82.04.050(9) FERTILIZER AND CHEMICAL SPRAY

Description: Sales of fertilizer, spray materials including pesticides, and chemical sprays and washes for the post-harvest treatment of fruit are excluded from the definition of retail sale, if they are used in the commercial production of any agricultural commodity. The same statute exempts fertilizer and spray sold to landowners that participate in specified federal conservation and habitat protection programs or a cooperative habitat agreement with the Washington State Department of Fish and Wildlife.

Purpose: To support the agricultural industry. Also it could be argued that fertilizer is similar to a component part (and therefore are purchased for resale), because it is absorbed into or becomes an integral part of an agricultural product.

Category/Year Enacted: Agriculture. 1943. Conservation/habitat added in 1997.

Primary Beneficiaries: Agricultural producers.

Possible Program Inconsistency: The sales tax exemption helps to encourage the use of fertilizers and chemical sprays in agriculture. However, Chapter 70.95C RCW implements a program directed toward reduction of hazardous substances, which can include agricultural fertilizers and pesticides that have adverse environmental impacts.

<u>Taxpayer Savings (\$000)</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY 2014</u>	<u>FY2015</u>
State tax	\$57,920	\$60,810	\$63,850	\$ 67,050
Local taxes	\$14,350	\$15,060	\$16,820	\$16,610

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Yes.



82.04.4452 HIGH TECHNOLOGY RESEARCH & DEVELOPMENT TAX CREDIT

Description: A B&O tax credit is provided for qualified expenditures on research and development (^&D) by certain firms. Eligible firms must be engaged in one of five fields of high technology: advanced computing, advanced materials, biotechnology, electronic device technology or environment technology. The credit is allowed for eligible spending on R&D activities that exceeds 0.92 percent of the firm's taxable income. Beginning in 2011, the credit is limited to 1.5 percent of eligible R&D spending and is capped at \$2 million per year for each participating firm. The B&O tax credit for R&D expenditures is currently scheduled to expire on January 1, 2015.

Purpose: To stimulate the creation of high wage jobs in high technology industries and encourage firms to proceed from the R&D phase to actual manufacturing of new products.

Category/Year Enacted: Business incentive. 1994

Primary Beneficiaries: Approximately 500 firms utilized the credit each year.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY 2014</u>	<u>FY2015</u>
State tax	\$29,670	\$ 31,040	\$32,130	\$16,630
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Yes.

8116.050(6) IN-STATE PORTION OF INTERSTATE TRANSPORTATION

Description: A deduction is provided from the public utility tax for income the state is constitutionally prohibited from taxing. In general, instate trips (which originate and terminate in Washington) are fully subject to public utility tax. However, under current practice interstate carriers are not subject to the tax, even on the portion of the trip which occurs within this state. For example, income from a bus trip from Seattle to Spokane is subject to tax, but a trip from Seattle to Coeur d'Alene, Idaho is entirely exempt.

Purpose: This policy, codified in WAC 458-20-193D, reflects Commerce Clause jurisprudence at the time the 1935 Revenue Act was enacted. Then, the U.S. Supreme Court interpreted the Commerce Clause as barring a direct tax on gross receipts derived from interstate transportation. However, current Commerce Clause jurisprudence does not bar states from taxing the privilege of engaging in an interstate business. Notwithstanding, the Department has maintained the tax-exempt treatment of interstate transportation because of litigation risk, the lack of statutory provisions for apportioning the income, and the belief that the Legislature is in the best position to determine whether this exemption should be eliminated.

Category/Year Enacted: Commerce. 1935

Primary Beneficiaries: Interstate transportation companies and their passengers. NOTE: air transportation is excluded due to the U.S. Supreme Court decision in the 1983 Aloha Airlines case.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)	FY2012	FY2013	FY 2014	FY 2015
State tax	\$29,113	\$30,569	\$31,792	\$33,063
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?  
 Yes, as long as the tax could be properly apportioned.

82.12.0263 EXTRACTED FUEL

Description: Fuel consumed by manufacturers or extractors is exempt from use tax when the fuel is used in the process of manufacturing or extracting at the same plant.

Purpose: To support the fuel manufacturing and extracting industry.

Category/Year Enacted: Other business. 1949

Primary Beneficiaries: Manufacturers and extractors of fuel.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$30,100	\$26,300	\$ 30,900	\$31,700
Local taxes	\$11,100	\$ 9,700	\$11,400	\$ 11,700

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Yes.

2) Strategy Chart

Goals	Organizational Considerations	Constituents, Allies, & Opponents	Targets	Tactics
<p><b>Long Term</b></p> <p>New revenue sources, like a carbon tax</p> <p><b>Intermediate</b></p> <p>Closing as many tax loop holes as possible as they expire and having the funds dedicated to higher education</p> <p><b>Short</b></p> <p>R/D B&amp;O tax to fund STEM</p> <p>Double the estate tax</p>	<p>W SA can organize trips to Olympia to speak with legislators about this, phone calls to key legislators, and other legislator outreach.</p> <p>WSA can lobby individual legislators within specific districts to encourage support for these initiatives</p> <p>Certain budget scenarios where these policy changes could positively impact higher education funding.</p>	<p><b>Constituents</b></p> <p>All students in the state of Washington would benefit from new and dedicated revenue.</p> <p><b>Allies/Opponents</b></p> <p>Closing tax loopholes has been mainly supported by Democrats. However, the idea of dedicated revenue to higher education may be supported across the aisle. Additionally, we may be able to ally with K-12 interests who are looking to increase their funding after the McCleary decision by dividing new revenue between higher ed. And k-12.</p> <p><b>Interest Groups</b></p> <p><b>Supporters</b></p> <ul style="list-style-type: none"> <li>-University Admin</li> <li>-Students</li> <li>-R&amp;D Firms</li> <li>-WEA</li> </ul> <p><b>Opponents</b></p>	<p><b>Primary</b></p> <p>Chair and Vice Chair - House Higher Ed. Committee</p> <p>Chair and Vice Chair - Senate Higher Ed. Committee</p> <p><b>Secondary</b></p> <p>Gov. Jay Inslee-D</p>	<p>Campus Collaborations:</p> <ol style="list-style-type: none"> <li>1) Days of Action</li> <li>2) Utilizing Media Outlets</li> <li>3) Constant Messaging</li> <li>4) GOTV and Voter education efforts</li> <li>5) Viking Lobby Day</li> <li>6) Utilizing the Legislative Liaison</li> </ol> <p>1) Phonebanking, Letter Writing (Letters to the Editors, Letters to elected officials, Emails), Petition Signing, Visual Campaign (Photos, electronic scrap book)</p> <p>2) Social Media Campaign, What we could do if we had extra revenue campaign, #increaserevenue (FB, Twitter, Instagram, tumblr), Campus Newspapers (Campus leaders Letters to the Editor, Editorials, Columns, Legislative Updates, Legislative Liaison column), Coordinated articles and press releases.</p> <p>4) Encouraging students to vote; provide students information regarding new and dedicated a revenue</p>

		-Cannabis Industry -Alcohol Industry -R&D Firms -Large Polluters -Oil Industry -Banking Industry		and key elected officials and their role/influence in the process
--	--	---	--	---

**3. Briefly Explain the Following:**

**1. Win Real Victories That Improve People’s Lives?**

Historically, finding new and dedicated revenue has been an extremely difficult challenge even though it is a necessary condition to accomplishing most all of the WS A guiding principles. Given the outcome of the last legislative session and in years prior, it is difficult to know if this issue is truly winnable; however, our proposed revenue sources hopefully either do not place too much burden on people or contribute to a greater good. We think that there will be strong opposition to some of these proposals, but we also think that Western and the WS A can make a strong case for adequately funding higher education. It is worth noting that these revenue policy changes have the potential to garner broad bipartisan support in both chambers of the Legislature and from the general public.

**2. Does it directly impact and improve students’ lives?**

If we can generate more new and dedicated revenue that can be allocated towards better funding higher education, then students are going to be positively and directly impacted and our lives are going to improve as a result of a decrease in financial burdens and barriers as well as an increase in the quality of higher education.

**3. Does it have a clear target?**

Our primary targets are as follows:

- **Representative Larry Seaquist:** Chair of the House Higher Education Committee. He also serves on the House Appropriations Committee and on the Appropriations Subcommittee on Education.

- **Representative Larry Haler:** Republican member of the House Higher Education committee, and is very passionate about higher education issues/funding. Represents the 8<sup>th</sup> Legislative District.
- **Rep. Hunter Ross:** Chair of the House Appropriations Committee. Represents the 48<sup>th</sup> Legislative District.

Our secondary targets are as follows:

- **Sen. Rodney Tom:** Majority Coalition Caucus Leader in the Senate. Represents the 48<sup>th</sup> Legislative District.
- **Sen. Barbara Bailey:** Republican leader in the Senate Majority Coalition Caucus. Represents the 10<sup>th</sup> Legislative District.
- **Gov. Jay Inslee:** Single most powerful political leader in the state. Has made education and job creation a top priority.

#### **4. Does it build a measurable amount of power?**

Any issues that involve the affordability, accessibility, and quality of higher education are going to build a measurable amount of power. As mentioned earlier, new and dedicated revenue is absolutely necessary in order for students to accomplish the higher education goals as recognized in the WS A guiding principles. Students care a lot about these issues. Also, the more obvious and tangibly measured issues such as tuition and financial aid help tremendously in organizing and rallying students together. All students can relate over high tuition and less access to financial aid, which has made pursuing higher education increasingly difficult.

#### **5. Does it have a clear and realistic time frame?**

**Yes.** It is our intent this year that these revenue policy changes could be introduced to the legislature. Each of these different proposed taxes will take varying levels of time and effort to implement:

**Carbon Tax:** Although there is a British Columbia Carbon Tax model, there is no Washington State model. In addition, measuring carbon emissions require special technology to be purchased and installed on homes, vehicles, stores, factories, etc.

**Taxes on Lottery Winnings/Alcohol:** These revenue policy changes will be easier to implement because the tax structures already exist and it is just a matter of increasing the rates or redirecting the revenue.

**Cannabis Tax:** Lastly, the tax on the sale of cannabis is finally less enigmatic because the selling in retail stores process has been recently determined and the initial steps of implementation have started

Once introduced there is a significant possibility that dedicating revenue from the Cannabis proceeds in the WA State General Fund could be passed this year.

**Close the Extracted Fuel Exemption:** The House passed the oil loophole closure during the 2013 session,<sup>11</sup> so the issue is timely. In addition, the environmental community's strong campaign to mobilize support for closing the loophole makes 2014 a good session the right time to build broader base of support for pushing oil companies to make investments in critical state obligations like higher education.

**B&O Tax exemption for R/D Firms:** The R/D B&O STEM allocation has less of a chance of being passed this year, since the exemption is set to expire in 2015. However we should lobby for this issue as it will likely be our last chance to do so.

#### **6. Does it have a local/state/federal organizing and lobbying angle?**

The issue of new and dedicated revenue is an issue that affects all students on every campus, throughout the state and throughout the nation. In a broad sense, this issue absolutely has a local, state, and federal organizing and lobbying angle. However, our specific suggestions of tax revenue sources are state specific and will vary from state to state. For example, most states have not legalized marijuana or some states do not have a lottery.

#### **7. Could students build a diverse campus coalition around this issue?**

Issues, such as finding revenue sources to better fund higher education, are associated with the affordability, accessibility, and quality of higher education in general, which affects all students, and therefore, it is both deeply and widely felt. For this reason, among others, it can build a diverse campus coalition because all students, regardless of economic situation struggle with these issues. It is important to acknowledge that we are all students and that we are all fighting the same fight with the same end goal. Pursuing initiatives to fund higher education through taxes on carbon and closing loopholes for oil companies offers the opportunity for campus environmental groups to work in support of student association priorities.

#### **8. Is it likely to be debated and acted upon by the Legislature in the next year?**

New and dedicated revenue is always a topic of conversation, but some years the conversation is longer than others and some years action is taken and other years it is not. Students will be heavily pushing for at least another year of a tuition freeze and more funding for higher education, which means that these issues will definitely be debated. Since this is not a budget year, there is a very high probability that these issues will be acted upon.

---

<sup>11</sup> HB 2038. <http://daily.sightline.org/2013/04/24/wa-house-closes-the-accidental-tax-loophole/>

**9. Will it strengthen and expand efforts within Western and the WSA?**

Yes because funding higher education and keeping tuition low is a priority for all students. By dedicating time and energy into this issue, we will be able to continue expanding our mobilizing efforts on campus as well as at a statewide level.

**10. Can you provide background information and the current context of the issue?**

Two years ago, the WSA agenda called for students to “Support passage of measures which create new revenue and do not disproportionately affect low income individuals such as instituting a capital gains tax, ending state spending on tax exemptions that have outlived their usefulness, extending the state sales tax to online sales, and automatically sun-setting tax exemptions” as well as to “Dedicate a portion of the funds from marijuana taxation for higher education.”

As stated in the end of session report from the last budget year “There is a recognition among students that if we are going to see increased investment in higher education that we are going to have to work on finding new revenue sources and secure additional funding by making sure it is dedicated toward higher education. One of the first things that happened as a result of the shift in power in the Senate was that new revenue was effectively taken off of the table for budget negotiations. Furthermore, the McCleary Decision meant that dedicated revenue was hard to secure due to the amount of money that needs to be funneled into basic education. Early conversations surrounding securing new funds from marijuana legalization were promising, but there was too much uncertainty and too many logistical problems around implementation to make much progress. As a final point, our work with the Revenue Coalition continues to be beneficial in that it creates a strong united front among a broad range of advocates in pushing for new forms of revenue.”

Currently, the recent McCleary decision which calls for greater revenue directed towards K-12 education will likely have a large impact on funding for higher education. Students within the WSA are working to draft up letter to ally with K-12 education so the two different education sectors don't get pitted against one another for already limited funding. Ideally, both K-12 and higher education will be able to share revenue and work with one another to see increases in state revenue which will go towards education as a whole.

**11. What creative and/or innovative tactics could we employ to engage the media and excite new students around this issue?**

One idea would be using fake money or checks to signify how much students are paying annually to attend their respective institutions of higher education or how much debt they will be graduating with. Running a “what if” campaign might also be an effective way for students to express how much debt

they are going to graduate with and what they could have bought with that same amount of money. This could also be done as a social media campaign and throughout the year we can determine possible tactics.