

Add a carbon tax

## **Issue: Revenue**

In order to improve the affordability and accessibility of higher education, the state must increase their financial contribution, which is unlikely without an increase in consistent revenue from reliable sources. With new and dedicated revenue Washington state has the potential to radically redefine what public higher education looks like in this biennium- by fully funding higher education we can truly serve the diverse needs of the students on our campus.

Historically, finding new and dedicated revenue has been an extremely difficult challenge even though it is a necessary condition to accomplishing most of the ASWWU legislative requests. While these proposals push Washington towards economic justice, the potential revenue is what can actually improve people's lives, with more steady sources of revenue Washington would be able to fund not only higher education, but many other services that could make higher education truly accessible in Washington.

A decrease in financial burdens and barriers as well as an increase in the quality of higher education has an incredible impact on students, being able to navigate our institution of higher education is difficult enough without the additional stress of finances or lack of support. All students can relate over high tuition and less access to financial aid, which has made pursuing higher education increasingly difficult.

It is incredibly important to note too that the issue of inadequate funding disproportionately affects students of color, and in order for the solutions to be real and meaningful students of color need to be involved in this work. In addition, some of the proposals listed create a natural alliance with environmental groups on campus.

New and Dedicated Revenue will be especially important this session as students will be heavily pushing for fully funding the state need grant, the work study program, and other need based forms of aid. This is a budget year where the legislature is under intense pressure to fund education in compliance with McCleary, so fighting for funding for the spectrum of early learning through higher education with real, attainable sources of revenue will be the best way to approach session.

This proposal will attempt to offer clear and realistic sources of new and dedicated revenue that can be specifically allocated towards higher education. The criteria for these suggestions have taken into account three basic guidelines:

- 1) Do not increase existing taxes that disproportionately harm people of lower income
- 2) Aim for tax increases that discourage negative behaviors that are harmful to society
- 3) Avoid negatively impacting the economy of Washington State.

### **Tax Cannabis**

1-502 was approved by WA state voters in the 2012 statewide elections. According to the Washington State Liquor and Cannabis Control Board Annual Report for Fiscal Year 2015, taxing cannabis brought in \$65 million dollars, the majority of which was deposited into the state's general fund which may be used for any governmental purpose as it is appropriated by the legislature. According to a weekly report from the same board, which was published on October 26 2016 reports that the current taxes that have come in for fiscal year 2016 are over \$185 million. We recommend establishing dedicated funding for higher education from this tax, specifically it could be used to support student services on campus that increase graduation rates.

### **Tax Lottery Winnings**

Although lottery winnings are already implicitly taxed, there should be an explicit tax on lottery winnings with the proceeds 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. These revenue policy changes will be easier to implement because the tax structures already exist and opposition to increases in these taxes is minimal.

### **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. This exemption was created in 1949 for sawmills and producers of other wood products. The exemption follows that, "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." Currently, 98% of the money exempted from taxation is from oil refineries and only 2% is from wood product firms. Closing the loophole would generate about \$50 million per biennium. The environmental community's strong campaign to mobilize support for closing the loophole makes 2017 a good session to build a broader base of support for pushing oil companies to make investments in critical state obligations like higher education.

### **Increase the Estate Tax**

We currently have a sliding scale estate tax between 10-20%, it is applied only to assets over \$2 million. There have been bills put forth in recent sessions that increase that scale to 20-38%. This issue has made slight traction on previous years but despite the fact that it strongly benefits the overwhelming majority of Washington residents it remains locked in a partisan divide.

### **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 could generate about \$50 million per biennium. This should be relatively easy, when the reason for a piece of legislation becomes obsolete, like WaMu has, there is a strong argument to be made for the removal of those

protections. This loophole is not used by credit unions. This was reviewed in 2015 and the Joint Legislative Audit Review Committee recommended limiting this to “community banks.”

### **Limit Real Estate Excise Tax (REET) exemptions**

Currently when you sell a house in WA you pay a REET, we propose limiting the exemptions currently offered so that lenders pay a REET when they sell foreclosed properties. This could raise up to \$81.9 million per biennium. This also has fallen more along partisan lines, but the moral argument for it is pretty strong.

### **Capital Gains Tax**

Capital Gains are the profits from sales of corporate stocks, bonds, investment property (Not on primary residences) & other high end financial assets. This would only be on gains of over \$25,000 a year (per individual), and would mostly affect people with an average annual income of over \$490,000. It could generate as much as \$800 million a year/ \$1.6 billion per biennium. This issue is incredibly partisan but one that could raise an incredible amount of money without affecting most of Washington state, and in a very progressive ways.

### **Carbon Tax**

Insert Env Lobby Day Synopsis

Our primary targets are as follows:

Chair of the House Appropriations Committee.

Ranking minority member, House Appropriations Committee

Speaker of the house

Senate Majority Leader.

Next Senate Ways and Means Chair

Ranking member Ways and Means

Secondary Targets

Governor: Has made education a top priority

Senate Higher Ed Chair: Invested in Higher Ed

A creative way to engage students with this issue would be using fake money or checks to signify how much students are paying annually to attend WWU 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. We can come up with other tactics throughout the year as we react to the way the session is forming around a supplemental budget.

### Considerations for the Legislative Affairs Council

**This section is comprised of questions LAC should keep in mind while considering proposals**

- **Is it winnable?**
- **Does it have a clear and realistic time frame?**
- **Is it likely to be debated and acted upon by the Legislature in the next year?**