



# Tax advocates have 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 10 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.

- **Seattle has set up a test case.** The Seattle City Council, working closely with pro-tax activists, passed a municipal income tax in violation of state law. Court challenges were immediate. This case is now headed to a hearing before the Supreme Court.
- **The Legislature is creating a test case.** If the Legislature passes any type of income tax, capital gains or otherwise, a court challenge is certain. This would give tax advocates a second opportunity to make their arguments before the court, and eliminate the voters from the decision.

## 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 state tax collections are soaring? Blame it on the schools. The K-12 wish-list is infinite and no amount will ever be enough. Tax advocates think people would buy in – if it’s “for the children.”

- The McCleary crisis was supposed to do the job, but didn’t. The state Supreme Court ruled in 2012 that the state wasn’t paying enough for basic education, and tax advocates were sure they’d won. Republicans proved otherwise. They used record tax collections to increase school funding \$9 billion. The problem was solved by 2017.
- Tax advocates are working hard to make school financing a mess. When Democrats took control in 2018, the first order of business was to undo the bipartisan school-financing plan. School spending again is out of control. A new lawsuit is a possibility. All the Legislature needs to do is restore spending restrictions. The majority chooses not to.