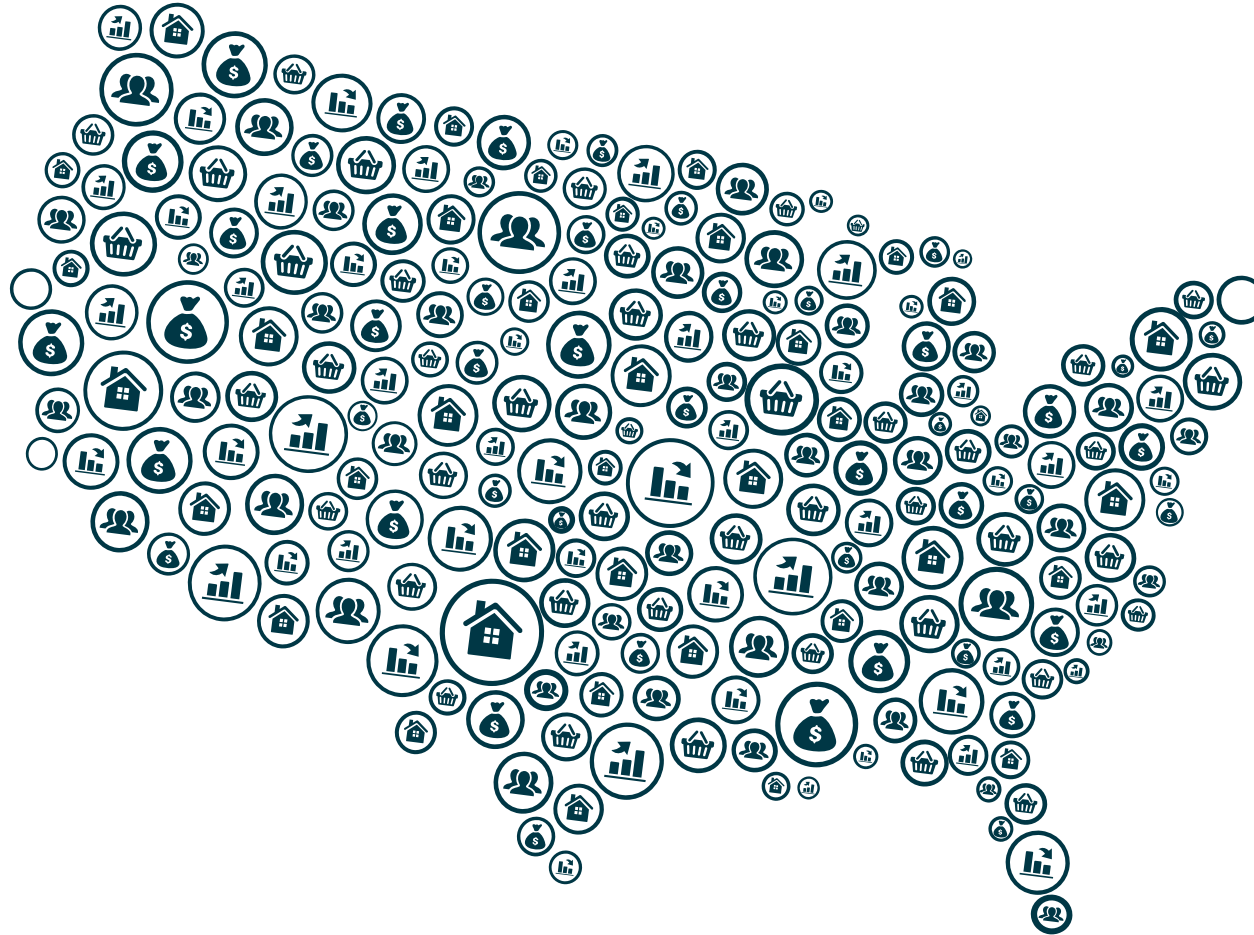


DATA FOR THE WIN

ADVOCATING FOR EQUITABLE STATE AND LOCAL TAX POLICY





Institute on Taxation and Economic Policy (ITEP) is a non-profit, non-partisan tax policy organization. We conduct rigorous analyses of tax and economic proposals and provide data-driven recommendations on how to shape equitable and sustainable tax systems.

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DATA FOR THE WIN
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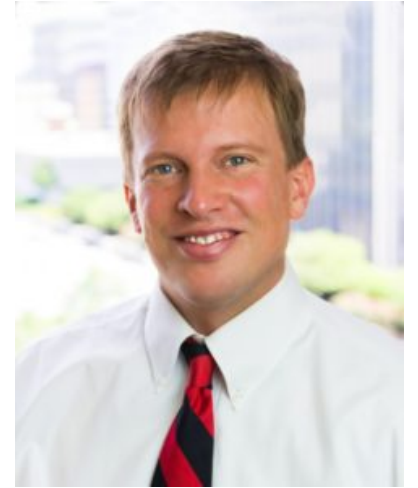
Aidan Davis
Senior Policy Analyst
ITEP



Dylan Grundman
Senior Policy Analyst
ITEP



Misha Werschkul
Executive Director
Washington State
Budget & Policy Center



Ted Boettner
Executive Director
West Virginia Center on
Budget and Policy

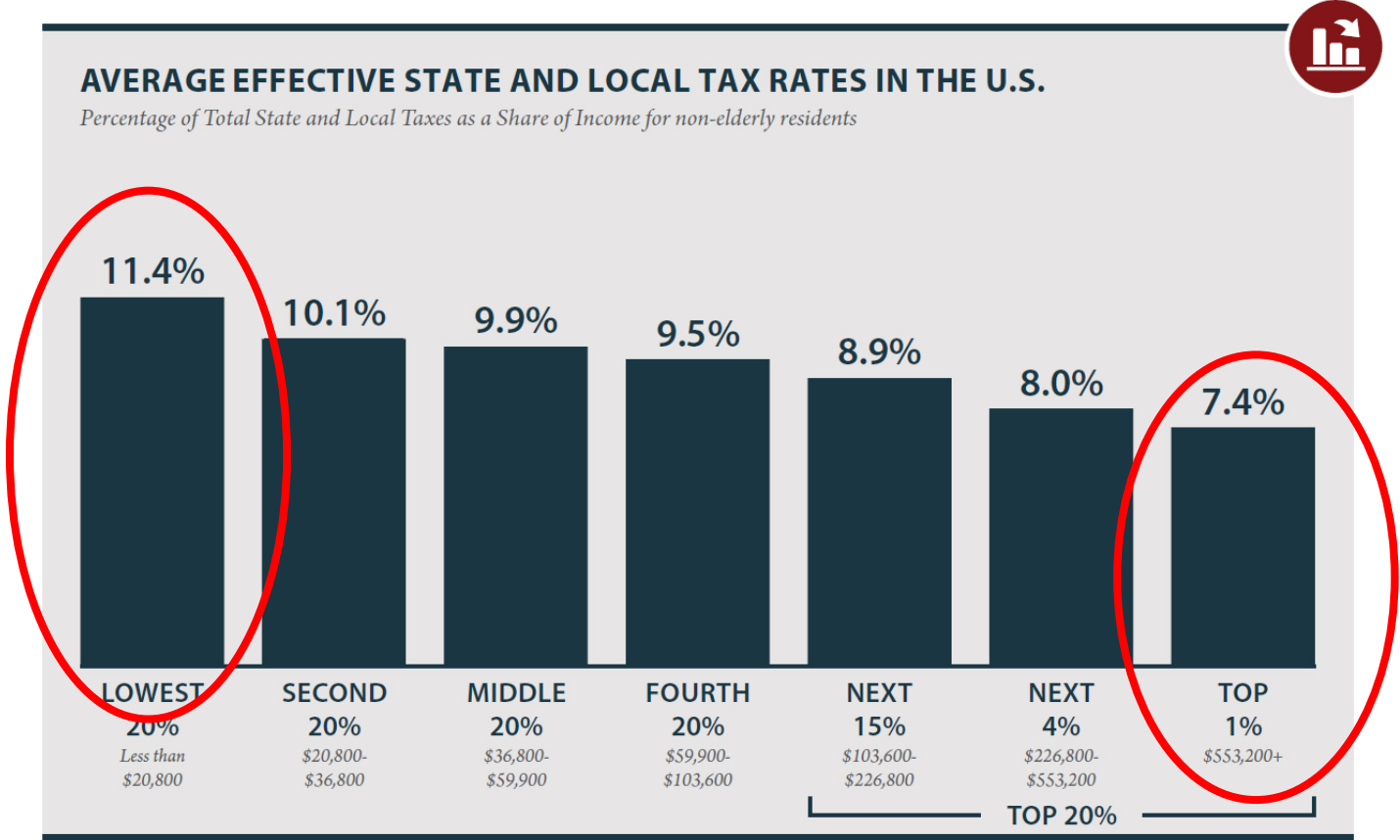
QUESTIONS

Type your questions in the chat box. There will also be dedicated Q&A at the end of the webinar.

- Desktop: Click “Chat” to type your question.
- Mobile Web: Click participants to open the chat window to type your question.

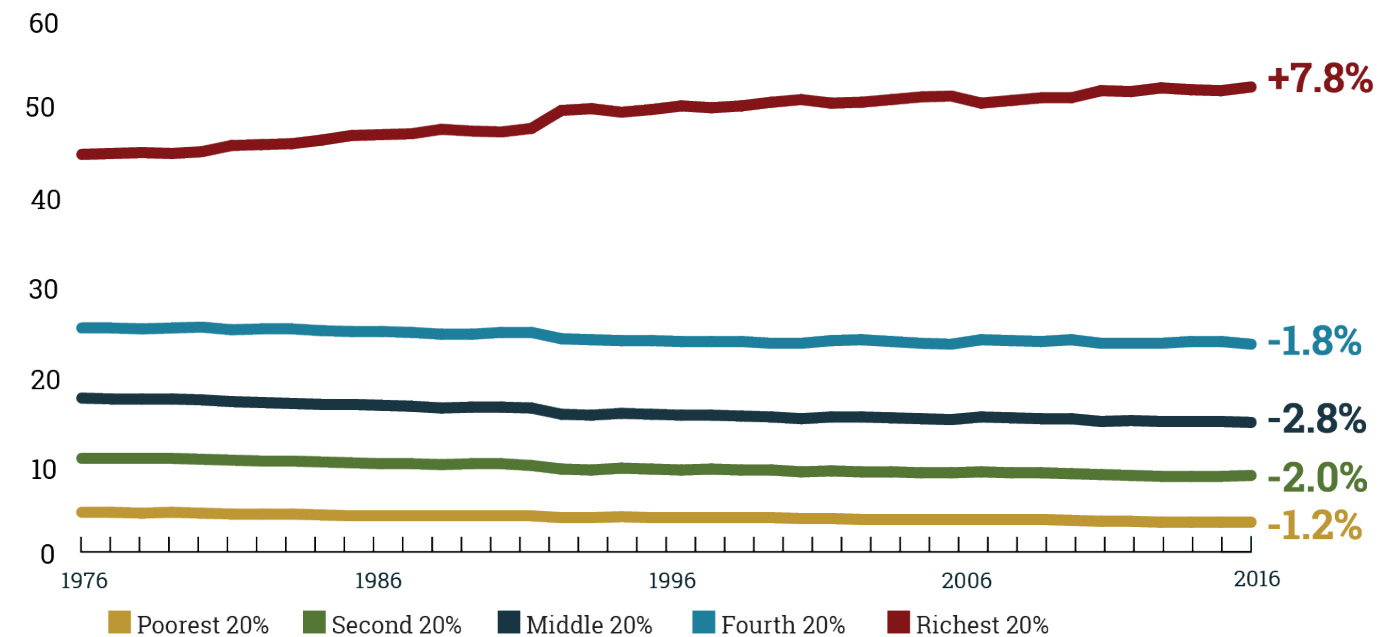
Email Meg Wiehe, meg@itep.org, with additional questions.

The lower one's income, the higher one's overall effective state and local tax rate.



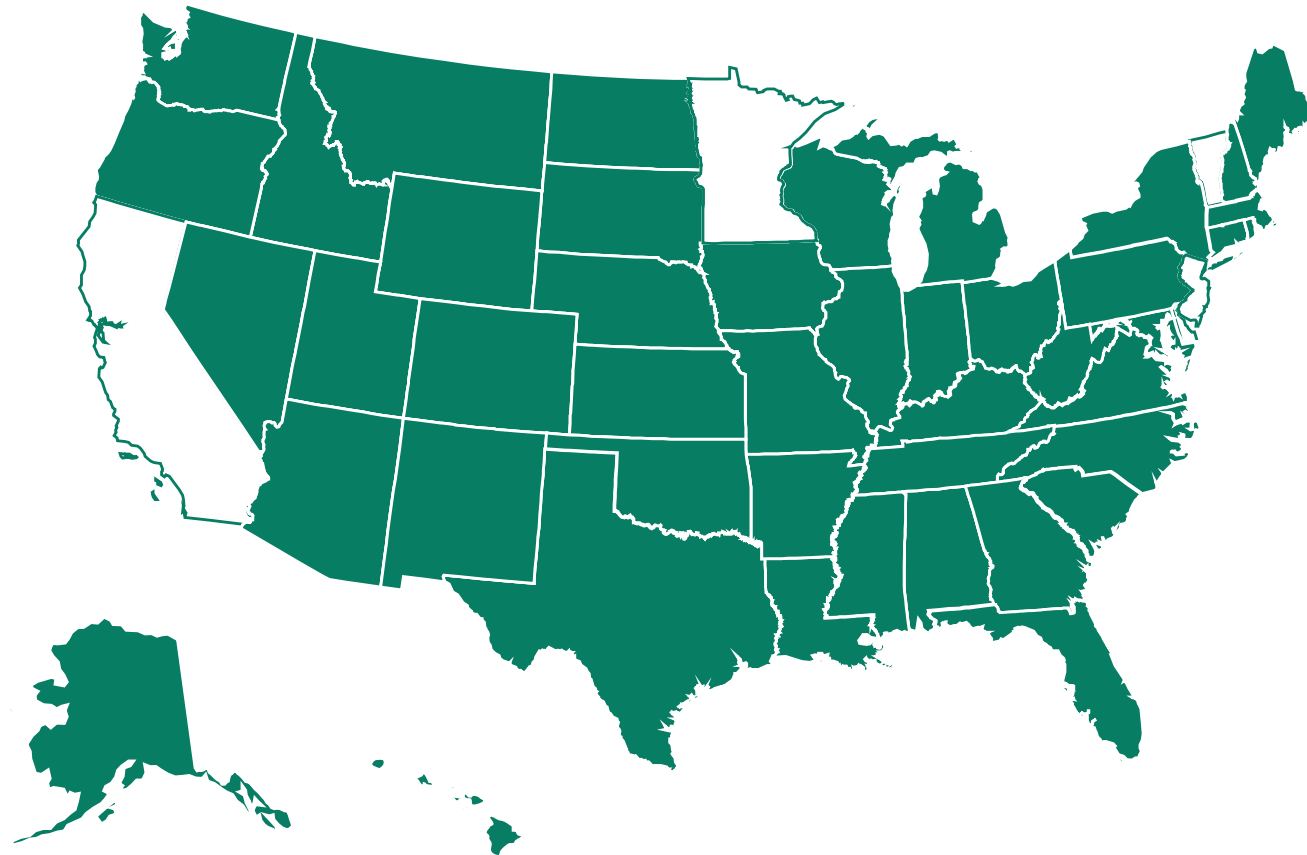
Income inequality has been widening for the past 40 years.

Share of Household Income, by Income Group
1976 to 2016



Source: U.S. Census Bureau, Current Population Survey, 1968 to 2017 Annual Social and Economic Supplements.

Tax structures in 45 states
exacerbate income inequality.



Some states are doing better than others.

CHARACTERISTICS OF MORE EQUITABLE STATE AND LOCAL TAX SYSTEMS

- ✓ Higher Income Tax Brackets/Rates on Upper-Income
- ✓ Limits Deductions and/or Exemptions for Upper-Income
- ✓ High Reliance on Personal Income Tax
- ✓ Use of Refundable Credits
- ✓ Low Use of Sales & Excise Taxes
- ✓ Levies Estate or Inheritance Tax

The vast majority of state and local tax systems are inequitable and upside-down.

STATES RELY MORE HEAVILY ON REGRESSIVE TAXES...

... AND LESS ON PERSONAL INCOME TAXES.



SALES & EXCISE TAXES
(AKA CONSUMPTION TAX)

VERY REGRESSIVE



PROPERTY TAX

**SOMEWHAT
REGRESSIVE**

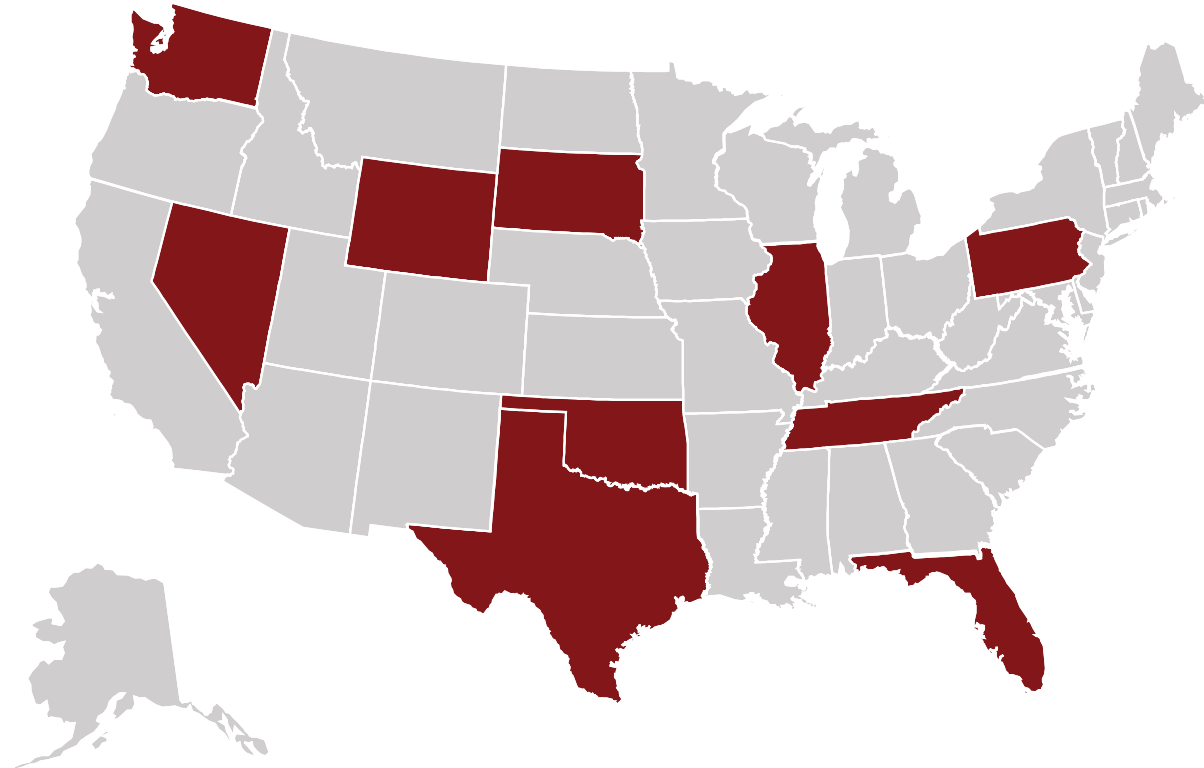


PERSONAL INCOME TAX

**TYPICALLY
PROGRESSIVE**

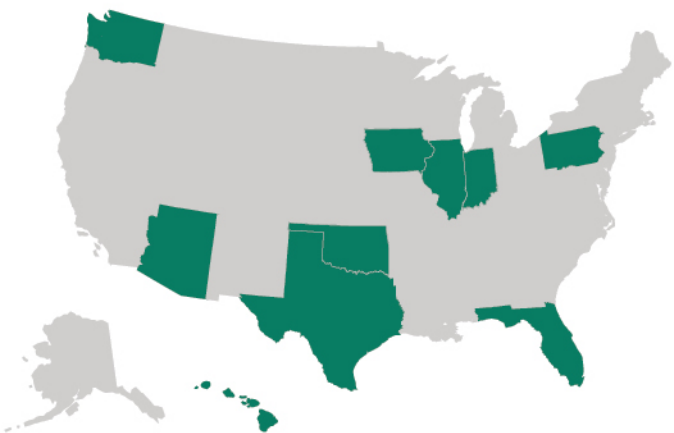
The Terrible 10

- Seven do not levy a personal income tax.
- Those that do the tax is flat or nearly flat.
- These states rely heavily on consumption taxes.



States commended as “low-tax” are often high-tax for low- and middle-income families.

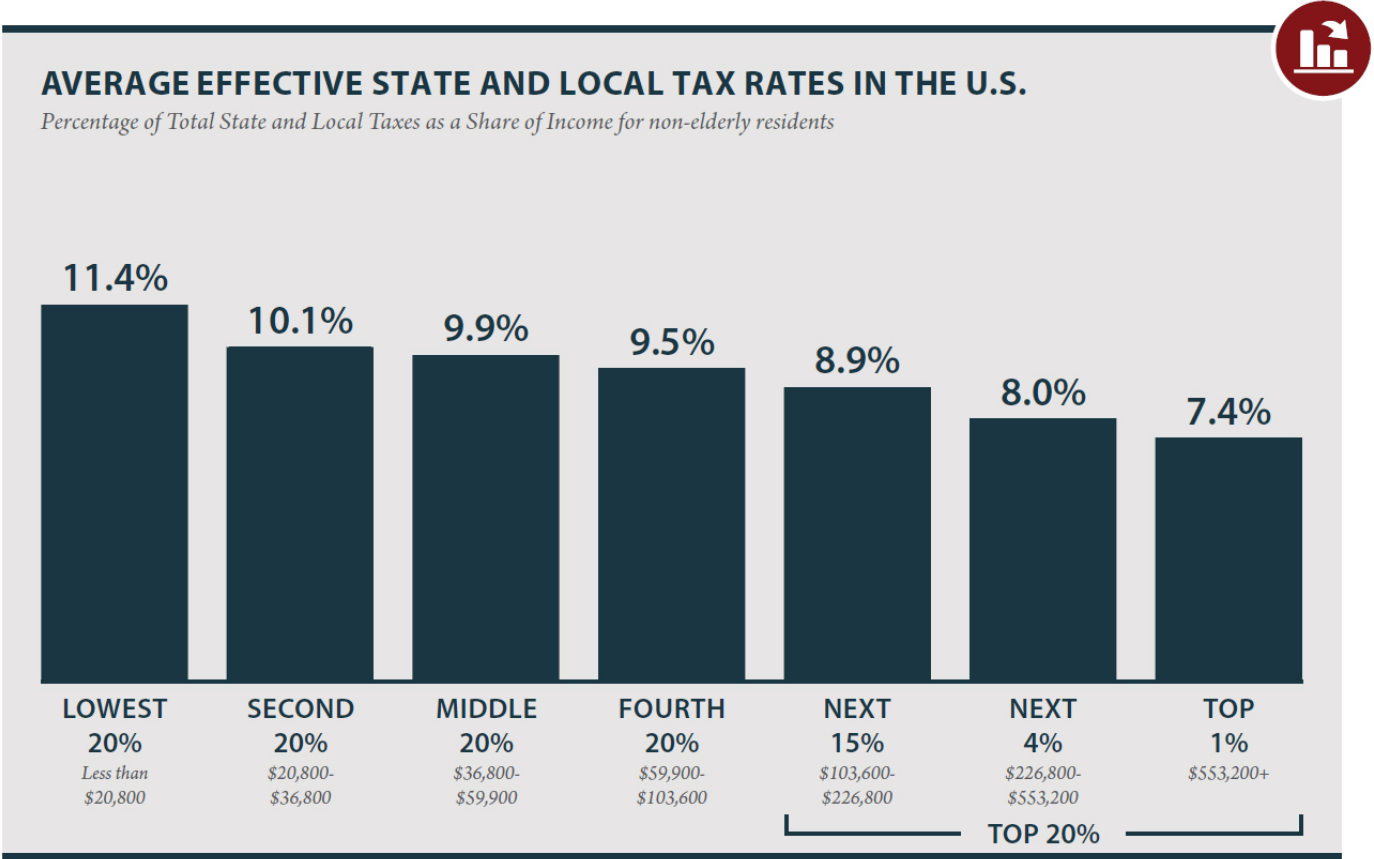
THE 10 STATES WITH THE HIGHEST TAXES ON LOW-INCOME HOUSEHOLDS



STATE	EFFECTIVE TAX RATE PAID BY LOWEST 20%
Washington	17.8%
Hawaii	15.0%
Illinois	14.4%
Pennsylvania	13.8%
Oklahoma	13.2%
Arizona	13.0%
Texas	13.0%
Indiana	12.8%
Florida	12.7%
Iowa	12.4%

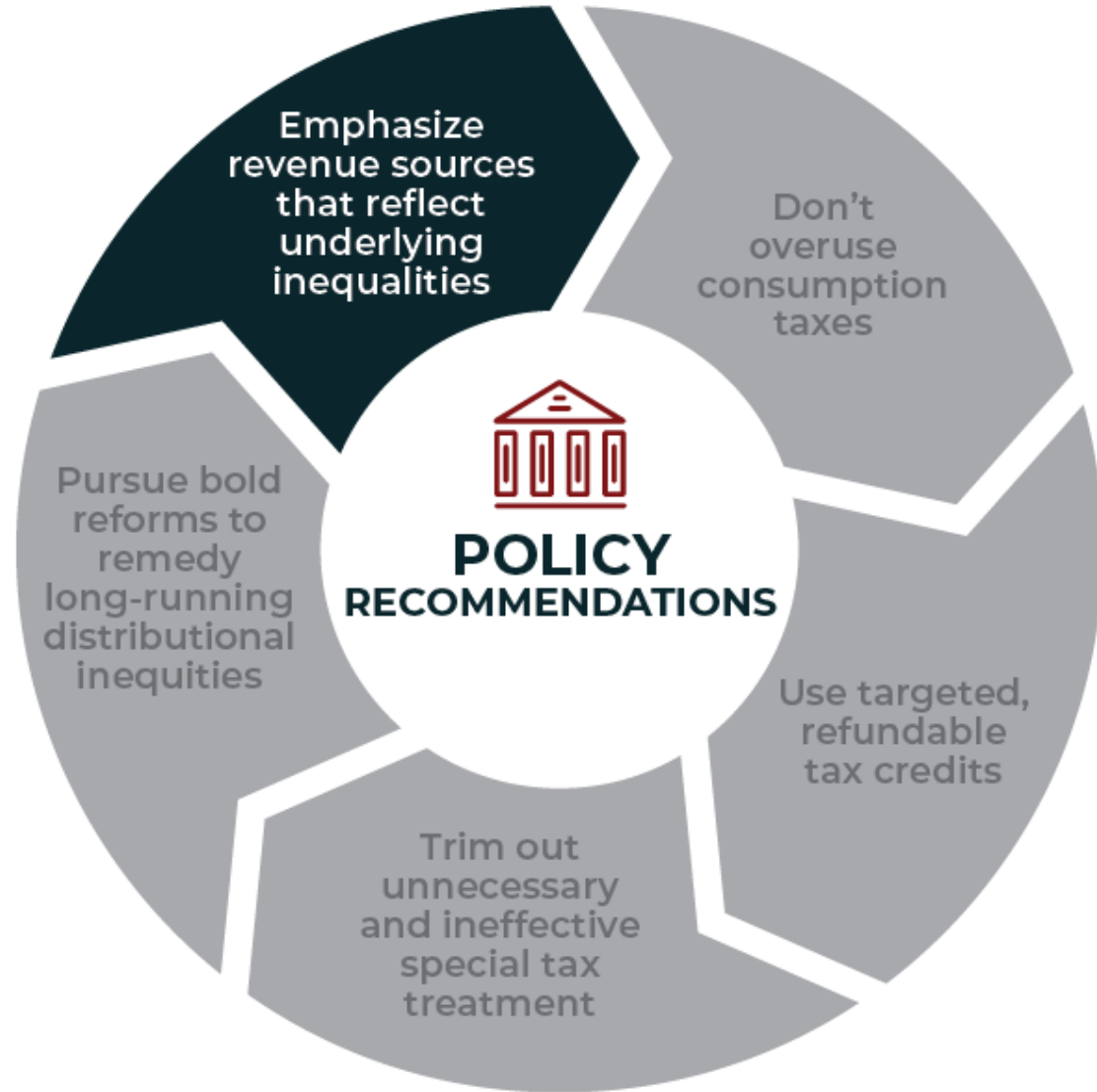
NOTE: See Appendix B for detailed ITEP Tax Inequality Index and Methodology for more information

The lower one's income, the higher one's overall effective state and local tax rate.

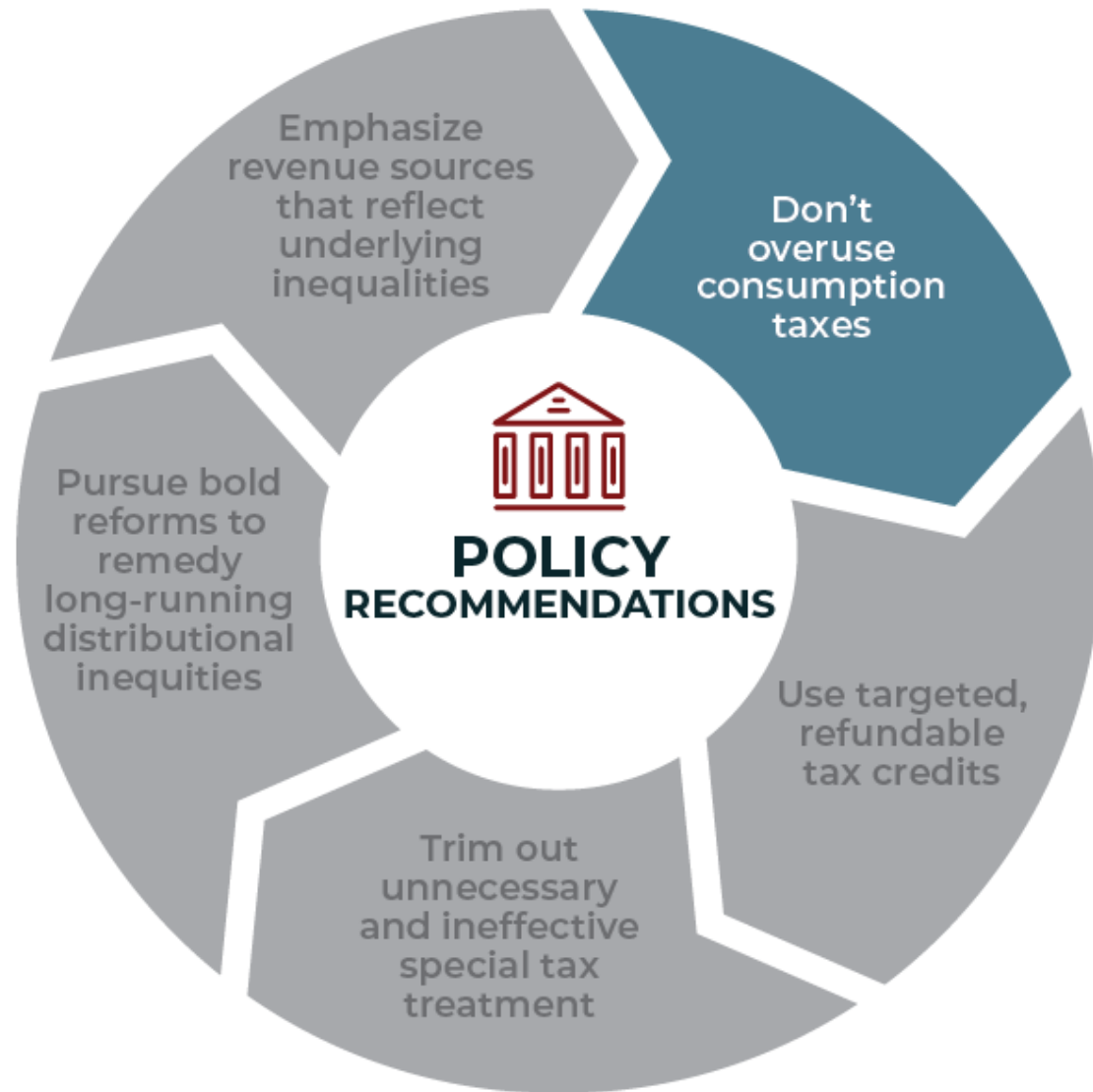


Moving Toward More Equitable State Tax Systems

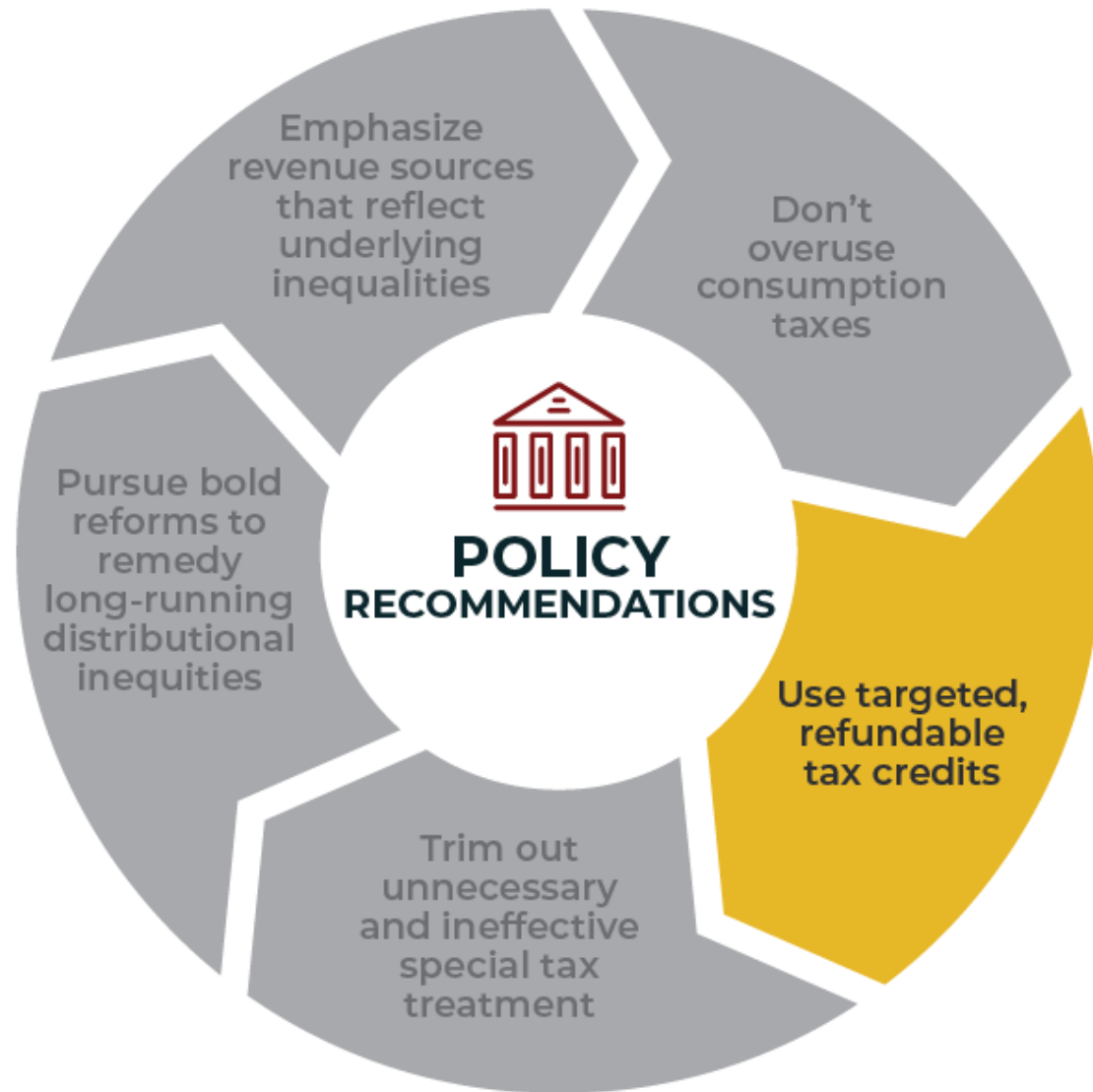
Emphasize
revenue sources
that reflect
underlying
inequalities



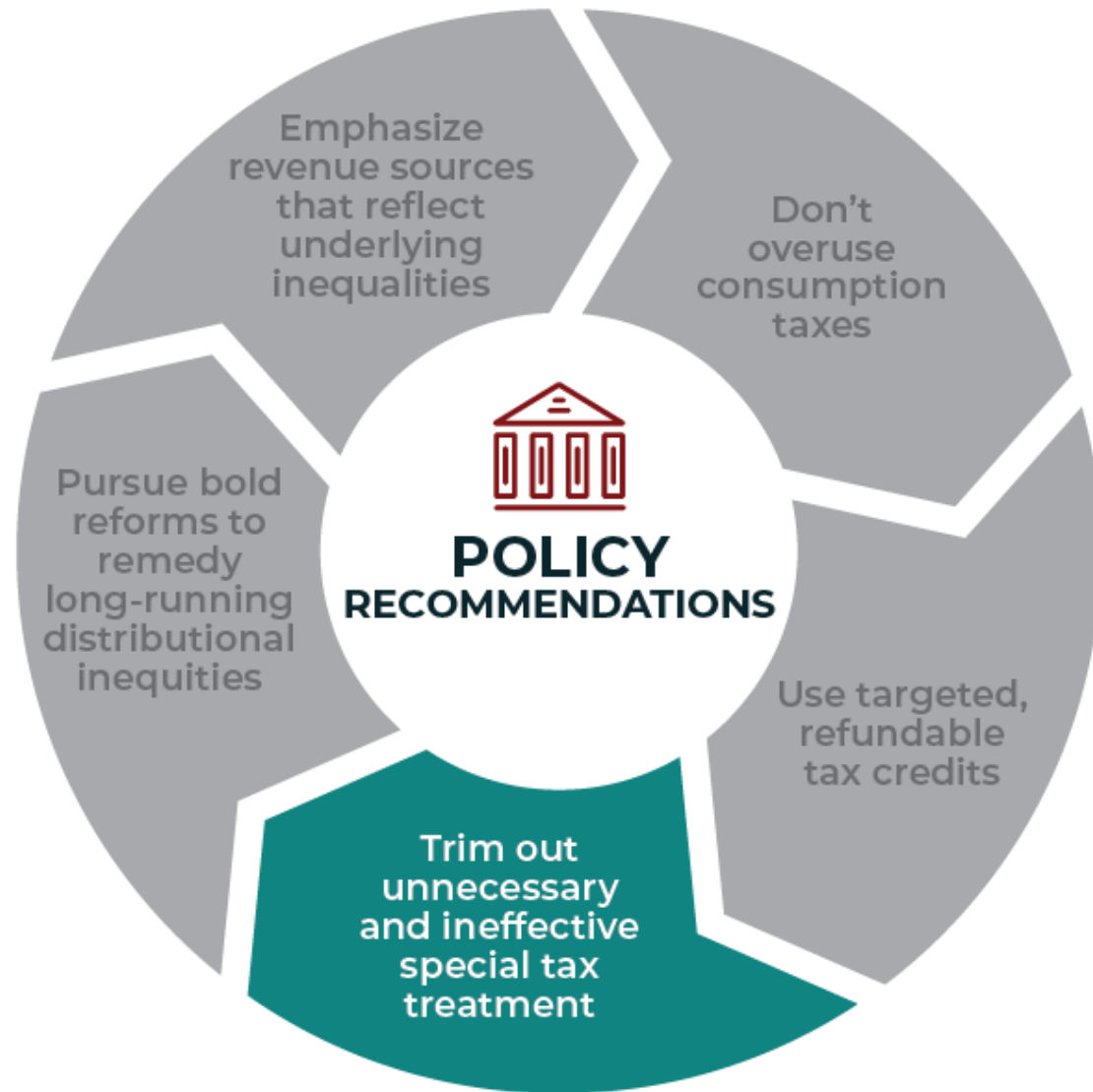
Don't overuse consumption taxes



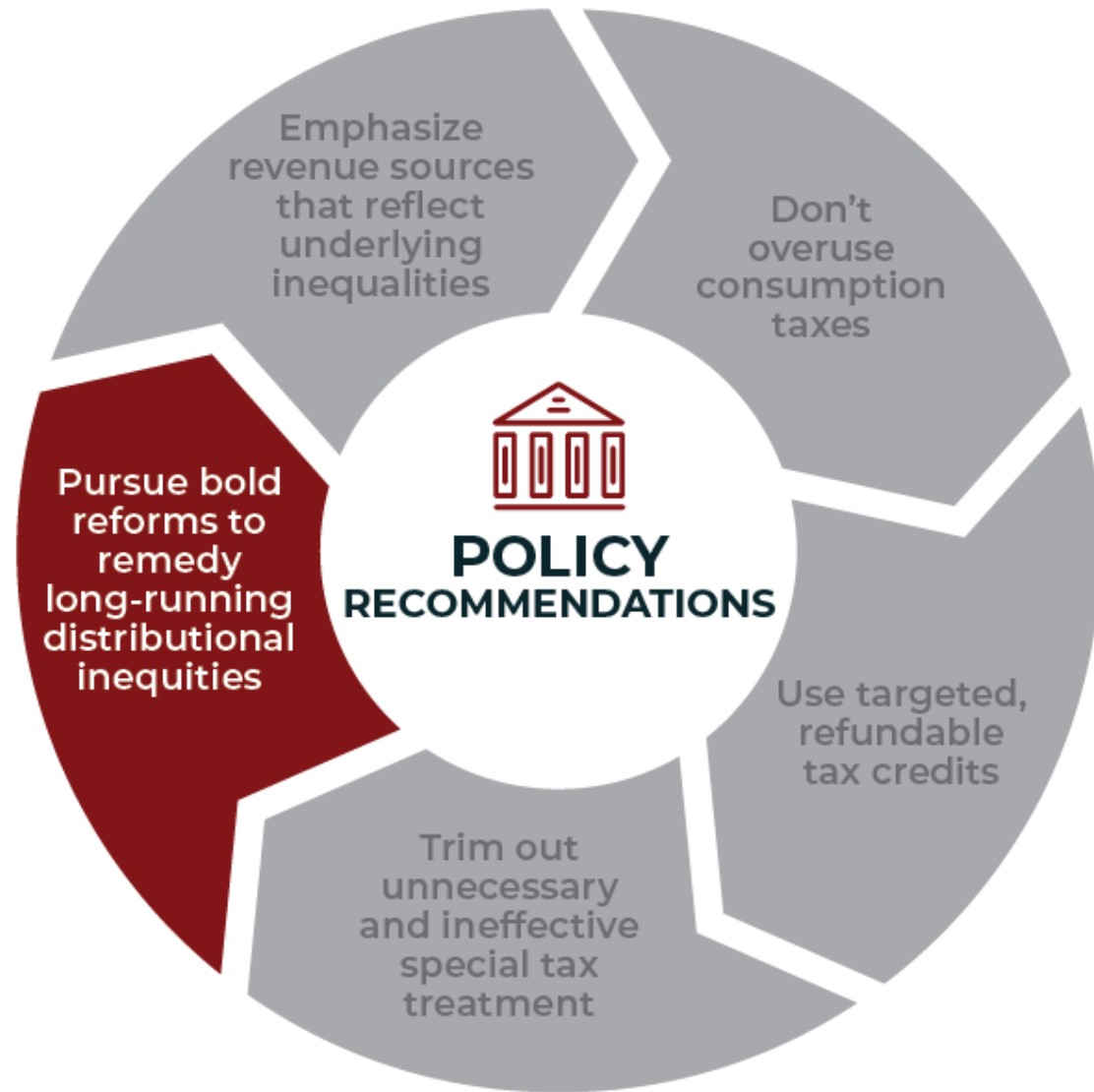
Use targeted,
refundable tax
credits



Trim
unnecessary
and ineffective
special tax
treatment



Pursue bold reforms to remedy long-running distributional inequities



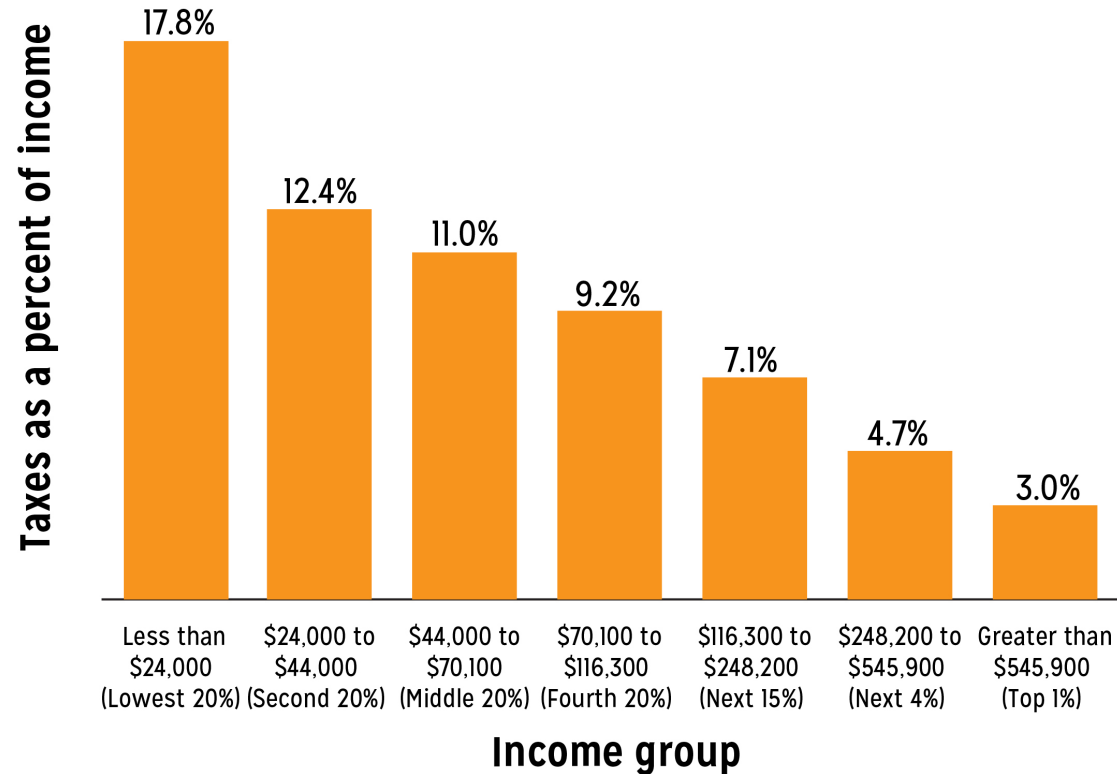




*Misha Werschkul
Washington State
Budget & Policy Center
Executive Director*

Washington's worst-in-the-nation tax code: Highest rates for those with the least

Washington state and local taxes as a share of annual income by income group



Source: Institute on Taxation and Economic Policy, 2018



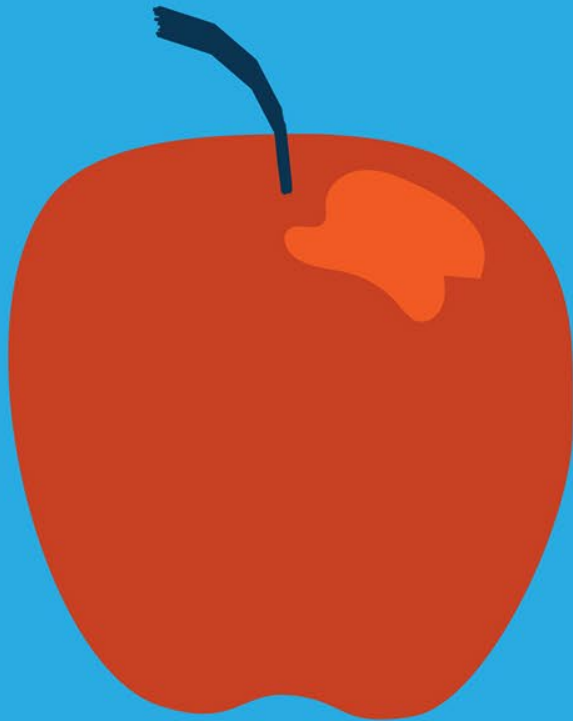


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IS NUMBER ONE!**

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FAMOUS FOR OUR APPLES.

And our terrible tax code.



We can clean up WA's tax code
with the Working Families Tax Credit.

#CASHFORWORKINGFAMILIES

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**BUDGET
& POLICY
CENTER**



*Ted Boettner
West Virginia Center on
Budget and Policy
Executive Director*

Saving the Income Tax: Using ITEP Analysis to Stop Tax Cuts for the Rich and Budget Cuts for the Many

Ted Boettner
Executive Director
West Virginia Center on Budget & Policy

**Data for the Win Webinar: Advocating
for Equitable State and Local Policy**

Institute on Taxation and Economic Policy
January 30, 2019 – 3 p.m. ET



In 2017, Governor Justice and Senate GOP leadership proposed nearly a dozen bills to eliminate or drastically scale back the Personal Income Tax and replace it (partially) by increasing the Sales & Use Tax



Legislative tempers flare over income tax reduction deal



Perry Bennett/West Virginia Legislative Photography
Senator Mike Romano addresses his Senate colleagues

SHARE ARTICLE

EMAIL

Twist

By Brad McElhinney

CHARLESTON
argument today
tax reductions up
fiscal year.

New Consumption Tax would result in tax working families to pay for tax cuts for wealthier West Virginians

(introduced version)

Less than \$19k (Lowest 20%)	\$19K-\$33K (Second 20%)	\$33K-\$51K (Middle 20%)	\$51K-\$84K (Next 20%)	\$84K-\$159K (Next 15%)	\$159K-\$353k (Next 4%)	\$353K or more (Top 1%)
+\$500	+\$946	+\$1,071	+\$355	-\$1,804	-\$6,087	-\$27,755



All West Virginians, 2017 Income Levels

Source: Institute on Taxation and Economic Policy, February 2017

*Severance tax reduction is not included

west virginia
Center on
Budget & Policy

HB 2934/HB 2933: Flat 5.1% Personal Income Tax & 5.5% Sales Tax with broader base

Shifts tax load unto working families to pay for tax breaks for wealthier West Virginians



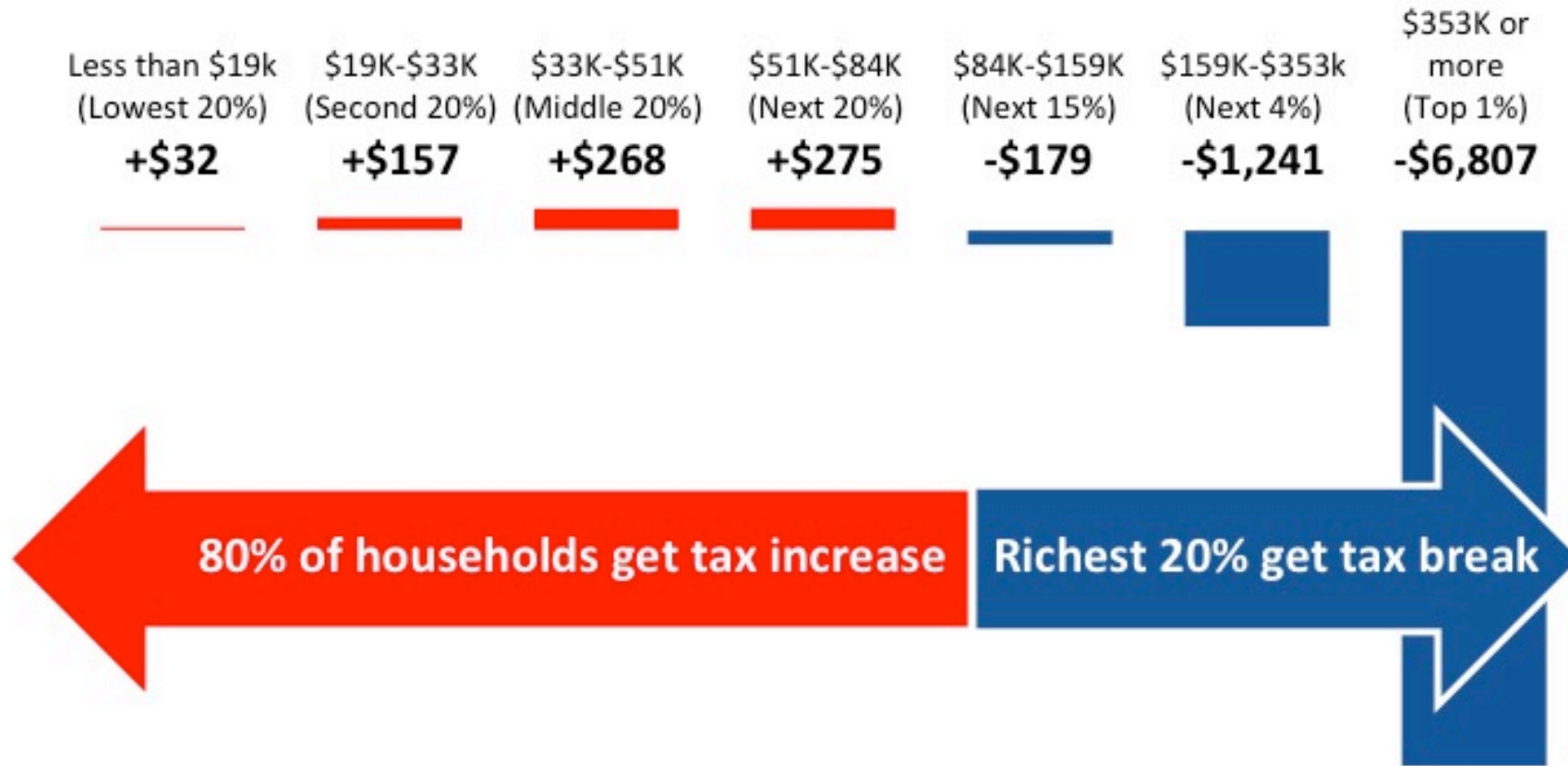
All West Virginians, 2017 Income Levels

Source: Institute on Taxation and Economic Policy, March 2017



New 5.1% Flat Personal Income Tax Rate

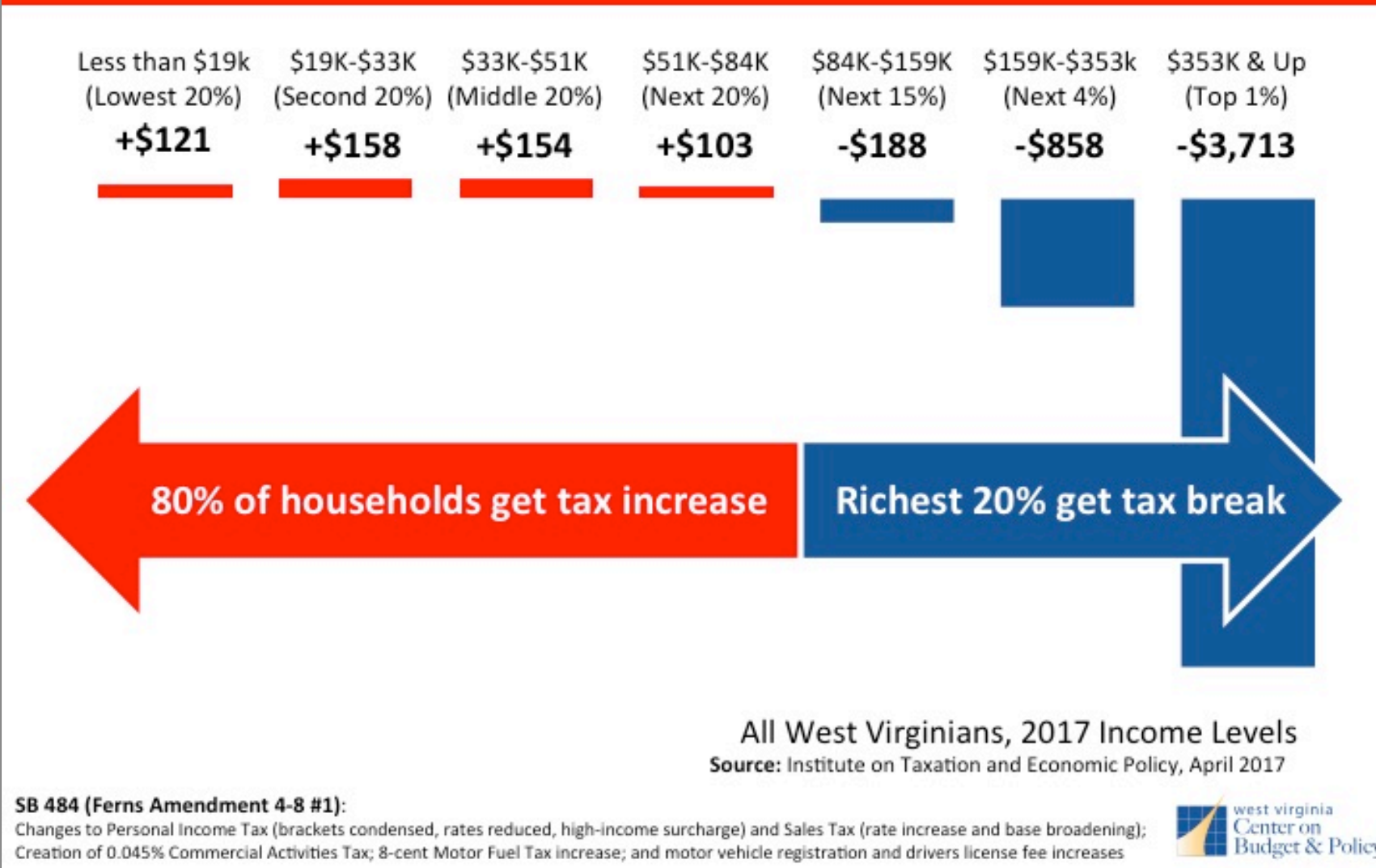
Impact of Personal Income Tax Changes in HB 2934



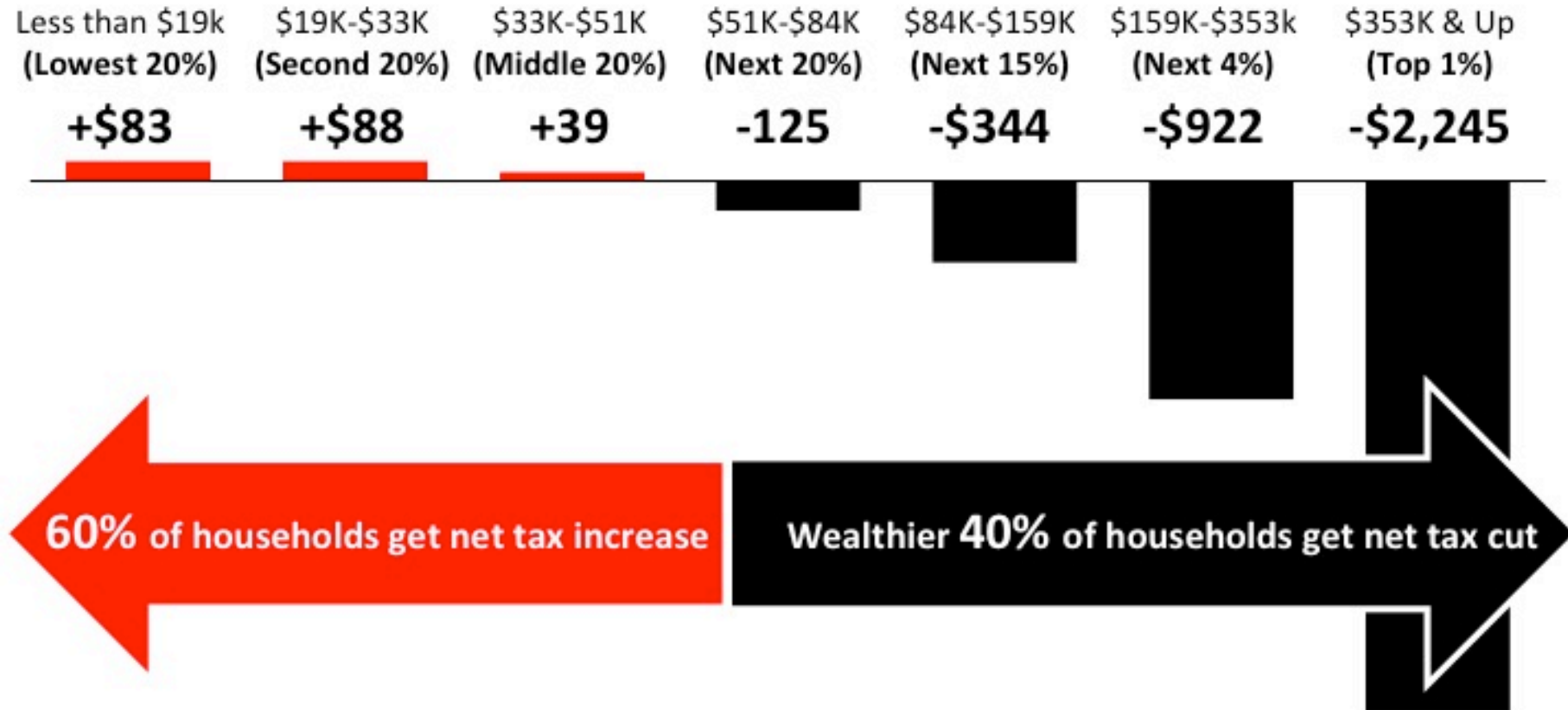
All West Virginians, 2017 Income Levels

Source: Institute on Taxation and Economic Policy, March 2017

Compromise Tax Plan Shifts Tax Load onto Working Families to Pay for Tax Breaks for Wealthier West Virginians



Senate Tax Plan: Shifts Tax Load to Working Families to Pay for Tax Cuts for Wealthy



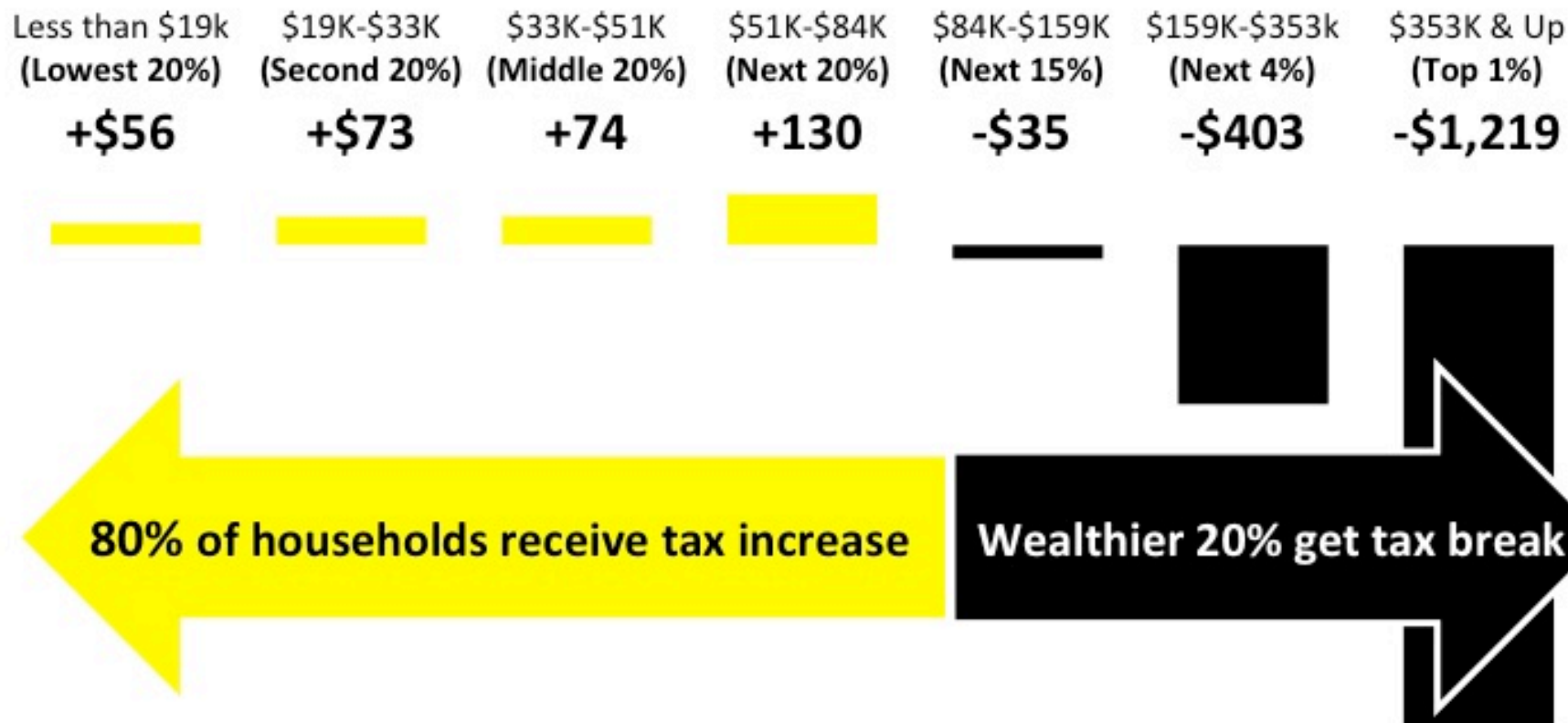
All West Virginians, 2017 Income Levels

Source: Institute on Taxation and Economic Policy, May 2017

Note: H.B. 107 (Senate Adopted Version). Does not include changes to severance tax, exclusion of military retirement income, and historical structure rehabilitated tax credit.



Conference Committee Tax Plan: Shifts Tax Load to Working Families to Pay for Tax Cuts for Wealthy



All West Virginians, 2017 Income Levels

Source: Institute on Taxation and Economic Policy, June 6, 2017

Note: H.B. 107 (Conference Committee Draft). Does not include changes to severance tax, exclusion of military retirement income, and historical structure rehabilitated tax credit.



A battle won to keep the Income Tax in West Virginia



---Former WV Senator Ed Gaunch, a champion of axing state income tax---

June 9, 2017: “I’ll tell you who is being duped: Those people who say it’s a tax break for the rich,” Senator Ed Gaunch (*Metro News*)

January 5, 2018: The panelists were unanimous that the Legislature will not revisit income tax cuts this session. “I think we wasted a lot of time last year on that issue,” said Gaunch, who added that he still has the bruises to prove that he had been an advocate of the proposal. (*Charleston Gazette-Mail*)

QUESTIONS?

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