Washington State has the most regressive taxes of any state in the country. In Washington, poor people pay 17.3 percent of their income in taxes, while the filthy rich pay only 2.6 percent of their income in taxes. This is the result of our state’s heavy reliance on the sales tax, which accounts for over 50 percent of all state revenue. Imagine two families, one rich and one poor, going to the same store and buying the same basket of goods and subjected to the same sales tax. For the poor family, it’s a much heavier burden than for the rich family. The sensible way to even out the tax burden is to tax income, like most other states. But Washington, doesn’t have an income tax. Never has. Hence our status as a national embarrassment—more regressive on taxes than even Texas or Georgia.

**Who would have to pay an income tax if I-1098 passes?**

- **$200,000+** (72,856 returns)
- **$100,000–$200,000** (356,570 returns)
- **$50,000–$100,000** (787,162 returns)
- less than **$50,000** (2,116,908 returns)

As the debate heats up over Initiative 1098, you’re going to be hearing a lot about “the taxpayers of Washington State.” But it’s a very small minority of high-income earners—only about 38,400 of them—who would be paying the new income tax. That’s because it’s a tax only on individuals who earn over $200,000 in a year or on couples who file a joint tax return that shows them collectively earning more than $400,000 in a year. (Meaning that if you’re half of a wealthy couple and together you earn $100,000 a year, you don’t have to pay any income tax under I-1098. Hence that segment of the pyramid, right below the top, where you see $22,608 tax returns from people who earn more than $200,000 per year but wouldn’t have to pay. Those are returns from couples who are well-off, but don’t hit the $400,000-per-couple threshold.) The new income tax on the 38,400 wealthiest Washingtonians would bring in about $2 billion annually for education and health-care programs—programs that help working families and the middle class the most.

In Washington, people who earn an average of $11,000 a year currently pay 17.3 percent of their income in taxes, but people who earn $1.8 million a year pay only 2.6 percent of their income in taxes. It’s like a slide in Washington, where people would be hacking away. Perversely, those cuts would land hardest on those who already pay the highest percentage of their income in taxes.

The main argument from income-tax opponents is that I-1098 is just the beginning. Wait a few years, they say, and it won’t just be the filthy rich who are paying income tax—it’ll be everyone. How will this happen? The Democrats in the state legislature—whether controlled by Democrats or Republicans—has never successfully implemented an income tax. Politicians in Olympia are simply too cowardly to touch this idea. In that case, even if they decide to destroy their careers by taxing more than just the filthy rich, citizens always have the last word. They can reverse an act of the legislature by initiative or, as they seem likely to do this fall, vote for an initiative like I-1051 (also on the ballot in November) that makes it harder for Olympia lawmakers to institute any tax increases in the first place by requiring a two-thirds majority for any such move.

**Who’s for it and who’s against it?**

**Against it**

Frank Blethen’s Seattle Times portrays supporters of the initiative as bloodthirsty, ambidextrous vampires.

**For it**

Bill Gates Sr. is the main mover behind the initiative for a simple reason: “justice.”

Who’s behind the $1.5 million campaign against finally fixing the most regressive tax structure in the country? People like Matt McIlwain, the Seattle venture capitalist who was ranked 57th on the Forbes Midas List in 2009 and has personally donated $5,000 (while his venture capital firm has kicked in $50,000) to defeat I-1098. McIlwain sent his kid to private school and supports the anti-gay-marriage group Families Northwest. Wireless communications magnate John Stanton and his wife, Theresa Gillispie, one of the richest couples in America, estimated to be worth more than $1 billion, have put in $75,000 to defeat I-1098. And let’s not forget Seattle Times publisher Frank Blethen, who earned $1.13 million in salary and bonuses in 1999, according to the Wall Street Journal, and whose editorial page has led the rhetorical charge against I-1098. Let’s say Blethen now earns only $3 million a year (times are tough for newspapers) and files a joint tax return. Under I-1098, Blethen would be paying only 3 percent of his earned income in taxes. Let’s say times have gotten really tough and Blethen those days earn only $500,000 a year. In that case, he’d pay only 1 percent of his income in taxes under I-1098. Blethen, the main mover behind I-1098, Bill Gates Sr., a famous lawyer and philanthropist and father, has put $500,000 of his own money into the campaign to pass the high-earners income tax. He is one of those people at the top of the pyramid, so he would pay the tax. Helpful.