

HB 1465

A More Progressive Estate Tax

In Washington, most of us believe that your race, zip code, or how you make a living shouldn't prevent you from finding and staying in a home you can afford. And yet, in September of 2021 nearly 27% of Washington households were facing likely-eviction or foreclosure, driven by a near two-year pandemic that deepened our housing crisis and took the greatest toll on communities of color and low-income working people.

Politicians of the past and a powerful few wealthy folks designed and maintained the nation's most upside-down tax code - one which requires Washingtonians with the lowest incomes, many of whom are from communities of color, to pay the greatest share of their income in state and local taxes, while the wealthiest pay 3% or less. This tax system, and those who still fight to maintain it, takes resources away from our communities and fuels the racial wealth gap by actively preventing low-and middle-income Washingtonians from building wealth and providing for their families. As the ongoing pandemic further devastates families and small businesses, Washington's millionaires and billionaires are watching their wealth grow dramatically. Updating our estate tax would allow us to ask those with the most wealth to pay their share in building back our communities after the dual crisis of covid and economic recession. It's an important step towards balancing our tax code and revitalizing our communities.

It's time to come together and demand progressive solutions to our tax code and build a future we can all count on. Washington's estate tax is the most progressive tool in our state's revenue toolkit. By making simple improvements, we can raise an additional \$80-\$90 million per year to quickly fund what our communities need, such as more access to affordable homes.

Reforming Washington's estate tax would mean:

Increasing the allowable exemption to \$2.5 million. This eliminates the estate tax for 25% of estates taxed under the current structure.

Decreasing the tax rate for estates worth between \$2.5 million and \$6.5 million.

Double the tax rate on estates valued in excess of \$1 billion

Existing deductions for small family-owned businesses, family-owned timberlands and farms, and funeral costs would remain intact.

Increasing tax rates on estates valued at

- \$10 million by 1.33%
- \$25 million by 5.64%
- \$50 million by 7.8%

By working together to improve the estate tax we can bolster our communities, secure our financial well-being, and keep people in their homes by funding foreclosure prevention, rental assistance, and other housing security supports.

