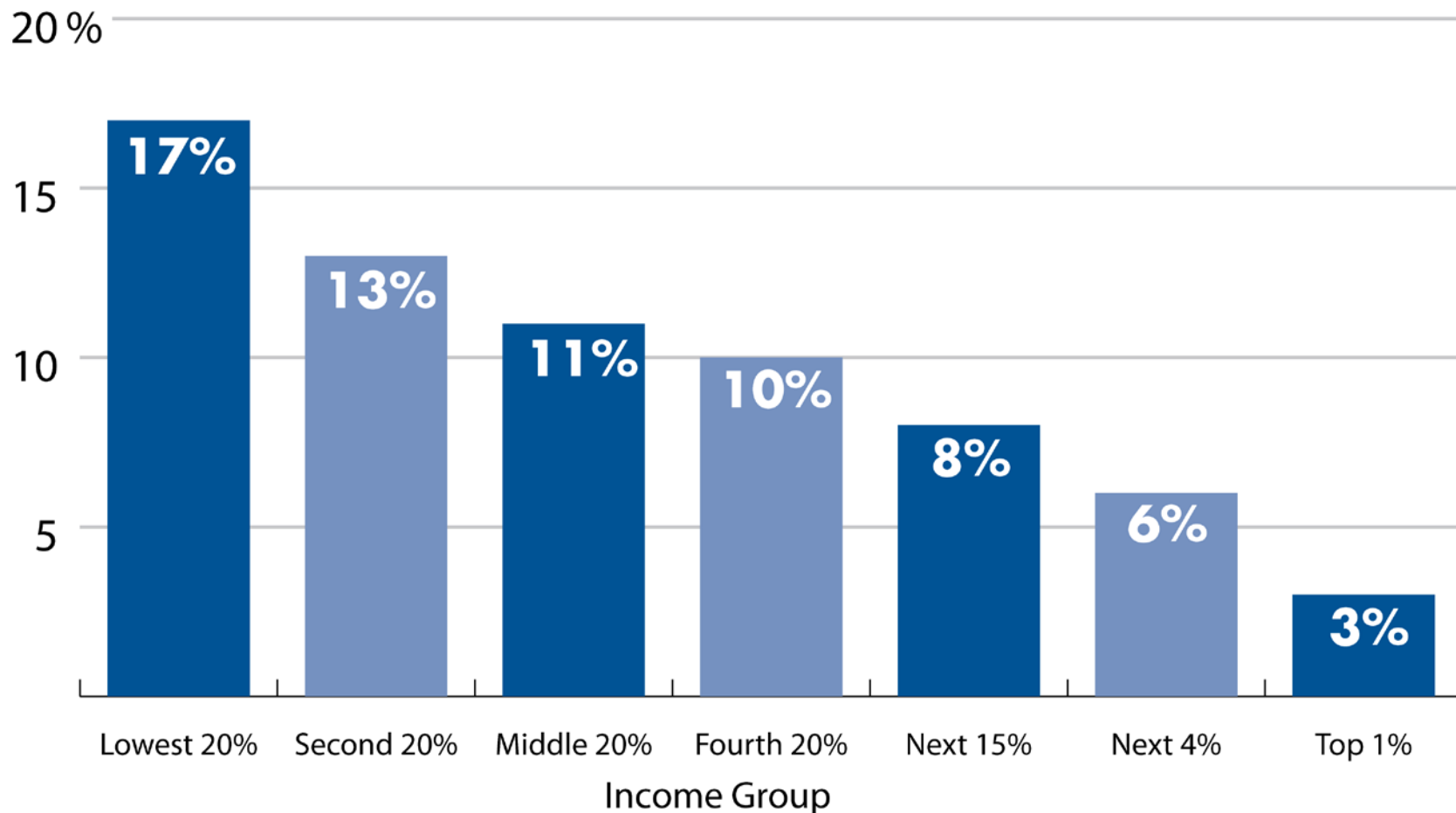


Washington's Upside Down Tax Structure

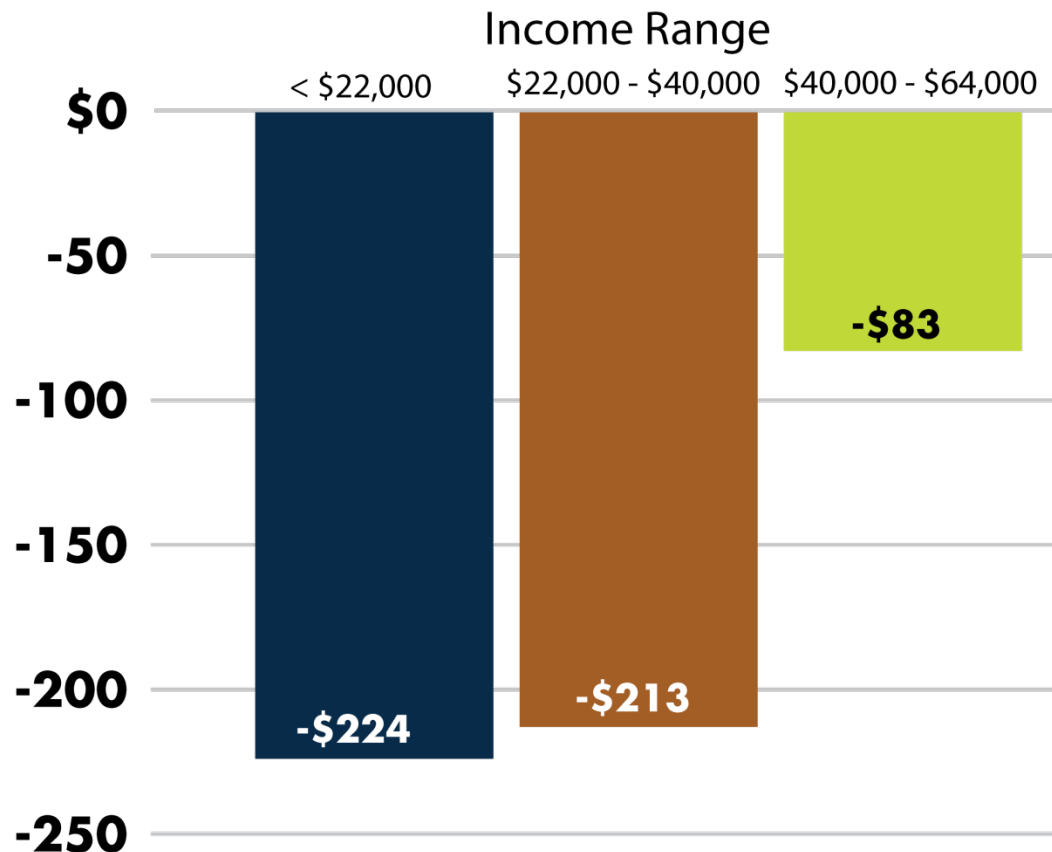
State and local taxes as a share of family income, 2007*



Source: Institute on Taxation and Economic Policy (ITEP)

Working Families Tax Rebate would Improve our Upside-down Revenue System

Average tax change by household income, fully funding the Working Families Tax Rebate*, 2012



Source: Institute on Taxation and Economic Policy; *Assumes 10 percent funding of federal EITC

A revenue recycling model example

Carbon tax revenues were apportioned as follows:

- 30% to Working Families Tax Credit
- 15% B&O tax cut to trade exposed industries
- 40% B&O tax cut to construction sector
- 10% B&O tax cut to electric power generation, transmission, and distribution
- 5% to state General Fund