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

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Tax Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $22,000</td>
<td>-$224</td>
</tr>
<tr>
<td>$22,000 - $40,000</td>
<td>-$213</td>
</tr>
<tr>
<td>$40,000 - $64,000</td>
<td>-$83</td>
</tr>
</tbody>
</table>

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