

Appendix H: Committee Voting on Replacement and Incremental Alternatives

Voting Results

This “voting tool” was sent to the Committee members prior to the November 8, 2002, Committee meeting. The results of the members’ votes are shown below.

Washington State Tax Structure Committee Meeting November 8, 2002

In the final report, there will be a recommendations chapter that will include a package of recommendations that the majority of the Committee agrees upon. At the November 8 meeting, the Committee will discuss and vote on what to recommend in the final report. The following is a tool to help you prepare for the meeting.

The questions start with general statements and become more specific. For value added tax (VAT) and personal income tax alternatives, we are asking three levels of questions. For example, the first level is whether, *in general*, a VAT and/or personal income tax should be recommended. The second level is whether specific alternatives should be recommended and, if so, which specific alternatives are *acceptable as recommendations*. The third level is which specific alternatives you *prefer*. Please answer the following questions and come prepared to discuss your answers and cast your vote. Unlike the previous poll of the Committee, this document is for your personal use and you do not need to return it to the Department of Revenue.

Part I: Neutrality and VAT

- 1) The Committee should recommend some type of VAT to mainly address the problem of neutrality/pyramiding of the B&O.

Yes 9
No 2

(if no, skip to Question 4)

2) Do you want to recommend one or more of the specific VAT proposals outlined in Chapter 6?

Choose all acceptable recommendations.

(You may vote for more than one, or none.)

- 4 **a) Subtraction method VAT (as described in draft Chapter 6)**
 b) GST (as described in draft Chapter 6)
 c) Progressive VAT (as described in draft Chapter 6)

3) If you prefer just one of the VAT proposals, vote for that one.

- 9 **a) Subtraction method VAT (as described in draft Chapter 6)**
 b) GST (as described in draft Chapter 6)
 c) Progressive VAT (as described in draft Chapter 6)

Part II: Income Tax

4) The Committee should recommend a personal income tax to address regressivity and/or other problems of Washington's tax structure.

Yes 9
No 2

(if no, skip to question 9)

5) Do you want to recommend specific types of personal income taxes?

(You can vote for both, or none)

a) Flat rate personal income tax (with exemptions generally as described in draft Chapter 7)

Yes 9

b) Graduated rate personal income tax (with brackets and exemptions generally as described in draft Chapter 7)

Yes 7
No 1
Abstain 1

6) In respect to an income tax, which one of the following is your preference?

a) Flat rate personal income tax (as described in draft Chapter 7)

Yes 6
No 3

b) Graduated rate personal income tax (as described in draft Chapter 7)

Yes 2
No 6
Abstain 1

In Chapter 7, there are three different sets of existing taxes that the personal income tax could reduce or replace. Check all the recommendations that are *acceptable*.

7) The Committee should recommend using a personal income tax to:

a) Reduce the retail sales tax (RST).

Yes 10
No 0

b) Eliminate the retail sales tax.

Yes 6
No 3
Abstain 1

c) Eliminate the state property tax.

Yes 5
No 4
Abstain 1

d) Eliminate the state property tax and share all or part of it with local governments and/or schools.

Yes 10
No 0

e) Reduce business taxes (added at meeting)

Yes 6
No 1
Abstain 2

If you have a preference, choose the one combination of taxes that you think the personal income tax should reduce or replace.

8) Use a personal income tax to (choose one or none):

- 0 a) Reduce the retail sales tax only
- 2 b) Eliminate the retail sales tax only
- 1 c) Eliminate the state property tax only
- 6 d) **Reduce the retail sales tax and eliminate the state property tax (Join options D & F)**
- 1 e) Eliminate the retail sales tax and eliminate the state property tax
- f) **Eliminate the state property tax and share all or part of it with local governments and/or schools. (Join to D)**
- g) Reduce business taxes (added at the meeting)

9) The Committee should recommend, in addition to a personal income tax, a corporate income tax to replace B&O.

Yes 6
No 4

Part III: Adjustment Alternatives

10) Which of the following adjustment alternatives would you like to include as recommendations? Refer to meeting notes or draft Chapter 8 for specifics.

(Check all that you would like to include.)

a) Extend RST to consumer services.

Yes 10
No 1

b) Impose a 1% personal property tax on the market value of motor vehicles.

Yes 4
No 6
Abstain 1

c) Impose a 1% personal property tax on the market value of motor homes and boats.

Yes 9
No 2

d) Exempt construction labor from RST.

Yes 6
No 5

e) Increase B&O tax credit from \$35 to \$70 and adjust periodically for inflation.

Yes 11
No 0

f) Simplify local B&O tax.

Yes 11
No 0

g) Streamline RST and reaching remote sales.

Yes 10
No 1

h) Simplify state B&O structure.

Vote tabled.

i) Compensate retailers for collection costs (add language for upper limit).

Yes 4
No 7

j) Provide \$20,000 homestead exemption for occupied residence.

Yes 3
No 8

(Committee decided to eliminate this option from the report.)

k) Extend property tax deferral option to seniors regardless of income level.

Yes 3
No 7
Abstain 1

(Eliminate from report.)

l) Extend property tax exemption and deferral to low-income regardless of age.

Yes 2

No 9

(Eliminate from report.)

m) Impose an estate tax to replace former provision for state credit.

Yes 7

No 4

n) Impose an estate tax if federal estate tax is repealed.

Vote tabled.

(Eliminate from report.)

o) Identify more opportunities to impose user fees.

Yes 5

No 6

p) Recommend avoidance of dedicated taxes.

Yes 11

No 0

q) Review exemptions for economic or social goals every ten years.

Yes 11

No 0

r) Eliminate sales tax exemption on gasoline.

Yes 3

No 8

(Eliminate from report.)

s) Allow credits for B&O tax paid “upstream.”

Yes 4

No 6

Abstain 1

t) Change B&O rates to address inequalities of pyramiding.

Yes 0

No 11

(Eliminate from report.)

u) Create a constitutionally-mandated rainy day fund with objective criteria for deposits, maximum required balance, and withdrawals.

Yes 8

No 3