2024 WASHINGTON BALLOT INITIATIVES

-Free-Market Fact Checks From WPC Research-

Opening Perspective: Whatever Washington voters decide, they deserve the facts to make informed decisions about our state's future. Tax collections have gone up 111% since 2013, while state spending increased 132% over the same period. Despite this, our state runs a budget surplus each year–-$19.2B in over-collections since 2020. Reducing citizens' tax burdens as outlined below will not require eliminating state programs and services.

INITIATIVE 2066 – A YES VOTE WOULD REPEAL THE BAN ON NATURAL GAS

As part of its effort to ban carbon-emitting fuels, the Inslee Administration has pursued efforts to prevent homeowners from using natural gas for home heating and cooking. The State Building Code Council banned natural gas services for new homes, and passage of HB 1589 is making Puget Sound Energy force natural gas customers switch to electric heating.

The Issue: Washington already has caps on CO2 emissions, so banning natural gas adds nothing to existing environmental efforts. All it does is dictate how these reductions occur and how they impact consumers. The ban simply eliminates natural gas infrastructure so future lawmakers can't make needed adjustments in the CO2 emission caps.

The Impact: Keeping the natural gas ban will increase demand for electricity in coming years, making predicted energy shortfalls worse. Repealing the ban would reduce the cost of home construction and help meet our growing energy needs. Further, the natural gas ban and other energy regulations will make meeting the state's CO2 reduction goals more expensive. HB 1598 allows utility companies to raise rates to cover the cost of making their customers switch to electricity. The ban also ends Puget Sound Energy's duty to serve its current natural gas customers, a legal protection known as "obligation to serve."

The Reality: If I-2066 fails, natural gas hookups will no longer be allowed in new homes, and existing homeowners will be forced to pay an estimated $40,000 to $70,000 to transition to electricity for home heating, cooking, hot water and other uses.

For more details...

INITIATIVE 2109 – A YES VOTE WOULD REPEAL THE CAPITAL GAINS INCOME TAX

The current tax is 7% on capital gains income of $250,000 or more, although legislators have already proposed expanding the tax to lower incomes and some wage earners.

The Issue: Research by Washington Policy Center found that all 49 other states and the IRS treat capital gains as income, even though the state supreme court claims it is an "excise" tax on income from capital gains. The court unfairly used this wording sleight-of-hand to uphold the legality of the tax.

The Impact: The tax already prompted major employers to leave the state. Fisher Investments, with $200 billion in managed assets and 1,800 employees, moved its headquarters to Texas. Billionaire Jeff Bezos moved to Miami, saving himself $600 million in capital gains taxes. These are only the moves that made news. How many other entrepreneurs have moved or will move their investments and charitable giving to other states?

For more details...

The Reality: If I-2109 passes Washington would return to its long-standing policy of having no income tax. Repeal will have no impact on current public programs because the state is slated to receive billions more in revenue *without* the capital gains income tax. Lawmakers are receiving record funding and have doubled education spending, adjusted for inflation, in the last ten years. Passing I-2109 would not reduce funding for K-12 education, daycare, health care or any other government program.

INITIATIVE 2117 – A YES VOTE WOULD REPEAL THE ENERGY TAX ON CO2 EMISSIONS

In 2021, the legislature passed the Climate Commitment Act (CCA) without any scientific or economic analysis. The law set arbitrary goals for reducing CO2 energy emissions. Governor Inslee said it would only add "pennies" to the cost of gas, yet prices went up by about 43 cents a gallon. Public records now reveal that increasing gas prices was always part of the governor's plan.

The Issue: Once the CCA was in effect, Washington's gas prices became the highest in the nation for the first time in history. Taxing basic travel, like getting to work or taking children to school, is not like imposing a luxury or sin tax. The poor and working families with the least discretionary income are the hardest hit by this regressive tax.

The Impact: The CCA's hidden gas tax adds financial burden to families already hit by high inflation. Farmers were promised there would be no added tax on fuel for tractors and farm equipment, yet they are being hit with the full CCA tax, adding more than $150 million to the cost of growing food.

The Reality: Good climate policy should provide incentives to reduce CO2 emissions, minimize harmful economic effects and encourage innovation to increase energy efficiency. The CCA simply taxes energy use and fails to meet these standards. CCA supporters say it is reducing CO2 emissions, but the programs it funds don't measure whether those expenditures are effective. Opponents of I-2117 say revenue will be lost for maintaining public roads and bridges. This claim is false. Revenue from the CO2 tax is legally prohibited from being used to repair roads or fix our crumbling bridges.

For more details...

INITIATIVE 2124 – A YES VOTE WOULD MAKE THE LONG-TERM CARE PAYROLL TAX VOLUNTARY

The Issue: The state's long-term care program (marketed as "WA Cares") imposes a payroll tax of 58 cents for every $100 workers earn, with no income limit. If you need long-term care, the program only pays $36,500 in total benefits, enough for about three months in a nursing home. Workers must stay in the workforce for at least 10 years without a break of more than five years, making the tax especially unfair to women who take time out to raise children. When the state allowed a temporary opt-out, nearly 500,000 people left the program.

The Impact: The long-term care program is already in financial trouble. Estimates show the program might remain solvent under some scenarios, but numerous economic factors could result in a higher payroll tax or an even lower life-time benefit. Even under the rosiest predictions, many workers who pay in will never receive benefits because they won't meet specific health requirements and vestment criteria.

The program qualifications are especially hard on family caregivers, single parents and those who move in and out of the workforce over their careers. In many cases low-income workers will receive no benefits and will watch their money benefit people who are wealthier and who don't need state help.

For more details...

The Reality: If I-2124 passes and enough workers leave the program, lawmakers should recognize that WA Cares is not wanted or needed. Ending the mandatory long-term care program would save taxpayers billions and cut wasteful spending on administration and bureaucracy. This would free the state to promote individual planning for long-term care, reform Medicaid (a true safety net), and create a price-competitive insurance market that benefits everyone. Lawmakers could allow Washingtonians to buy long-term care coverage on the national market and potentially eliminate state taxes on buying insurance, thus lowering costs and creating incentives for coverage for everyone.

For more information:
www.washingtonpolicy.org