

Make Corporations Pay Payroll Taxes on High Salaries

In Washington, we all see the value in our social safety net. These programs allow working Washingtonians to take time off to welcome a new child, make rent after a layoff, or cover their bills after being injured on the job.

The programs we depend on - like Paid Family Medical Leave, unemployment insurance, and workers' compensation - are all made possible by payroll taxes.

The problem:

In Washington, we have a tax loophole that allows wealthy corporations to avoid paying payroll taxes on their employees with the largest salaries (above \$176,100).

This cap on payroll taxes only benefits employers with the deepest pockets. These types of exemptions for the wealthiest corporations and individuals have led to today's struggles to fund our schools, health care, and worker's services.

Washington has the second most upside-down tax system in the country. A person working for minimum wage pays about three times as much of their income in local taxes as their billionaire neighbor.

The solution:

Lawmakers can close this loophole by removing the cap on payroll taxes paid by the wealthiest corporations. This tax would be paid only by big employers with \$7 million or more in payroll expenses — about 5,289 companies. It would only affect the employer, and would not increase the payroll taxes paid by any employees.

This would provide about \$4 billion per year for Washington's public schools, health care, and social services.



Balance Our Tax Code is a coalition made up of more than 80 labor unions, non-profits, community-based organizations, housing and community associations, human service providers, immigrant rights advocates, and activists. Together, we work to educate, advocate, shape public opinion, and pass laws until we have a tax code that supports a way of life that works for all of us, not just the wealthy few. Contact: emma@balanceourtaxcode.com