

NO **I-2109** **I-2109 IMPACTS** **ON WASHINGTON'S** **BUSINESSES & ECONOMY**

WHAT: I-2109 would cut more than \$5 billion over 6 years from childcare and education in Washington by repealing the tax on extraordinary profits (capital gains excise tax).

Washington's extraordinary profits tax is a tax on wealthy individuals, not businesses. In 2023, fewer than 4,000 very wealthy people in Washington paid the 7% tax on profits greater than \$250,000. 85% of the revenue generated in the first year was paid by extremely wealthy households in King County.

Washington's tax is much more narrow than the federal, or other state's, capital gains taxes. It applies only to the sales of stocks and other personal assets. There are specific exemptions and deductions for:

- Any annual stock sales profits under \$250,000 per year (adjusted annually)
- All real estate
- Profits from the sale of a family-owned small business
- Assets held in retirement accounts
- Farms and farmland
- Timber
- Commercial fishing privileges

By law, all funds go to childcare, education, and school construction through the Education Legacy Trust Account and Common School Construction Account.

***"I-2109 cuts
Washington's
education
& childcare,
hurting all
of us."***

**— Small Business
Owner Karla Esquivel**

I-2109 BUSINESS IMPACTS

CHILDCARE CUTS: About half of Washington parents find it difficult to afford and keep childcare, costing Washington businesses over \$2 billion each year due to turnover and missed work. The extraordinary profits tax is the key funding source for the Fair Start for Kids Act. I-2109 will worsen existing challenges with access to child care by cutting billions dedicated to increasing affordable childcare across the state.

EDUCATION CUTS: Businesses need an educated, prepared workforce. By slashing billions from education, including technical training, I-2109 will impact businesses' ability to find ready labor.

GREATER TAX PRESSURE: If I-2109 passes, it will shift more tax pressure to small businesses and working families through property, B&O, and sales taxes.

I-2109 is strongly opposed by voters and polls far below the 50% needed to win. It is opposed by the Children's Alliance, Save The Children Action Network, MomsRising

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