

Eliminating the state capital gains tax would drain millions of dollars from our economy

By funding schools and early learning, the tax creates jobs and supports economic growth in Washington state

Initiative 2109 would eliminate Washington's capital gains tax and roll back hundreds of millions of dollars of investments each year in early learning and schools. These critical investments support children's development and help parents stay in the work force. They also have been found to have a significant economic multiplier effect, where every dollar invested into our communities from capital gains tax revenue generates a higher economic return.

New analysis from two economic forecasting tools, the REMI and IMPLAN economic models,, show just how significant those economic returns are to our state – and in particular, they show how harmful it would be to our state economy if voters overturn the capital gains tax on the ballot. The REMI economic model demonstrates that **repealing the capital gains tax would result in more than 10,000 job losses per year in the public and private sector, and a reduction of \$1.2 billion to state personal income¹ annually. Analysis from IMPLAN shows it would result in job losses and reductions in the Gross Domestic Product (GDP) and personal income in every county.**

The jobs affected are not just those directly providing the services funded by the capital gains tax, like teachers, child-care workers, construction workers, and the like. Investments in child care have a direct impact on supporting parents to work in a range of jobs, and generally reduce employer turnover costs and boost productivity. In addition, restaurants, grocery stores, and other local businesses all are impacted positively by the capital gains tax, as they inevitably see a boost in spending and new jobs when communities have more child care centers and construction workers. Further, when teachers and child-care workers earn more money, they have more to spend in their local economies.

In short, voters must protect the important funding provided by the capital gains tax by voting no on I-2109.

Eliminating Washington's capital gains excise tax would harm Washington's economy



10,212

Jobs lost per year



\$986 Million

Reduction in GDP per year



\$1.2 Billion

Loss of personal income per year

Eliminating the capital gains tax would harm the economy in every WA county

Employment, income, and GDP estimates from the IMPLAN model

County	Estimated jobs lost per year	Estimated loss in personal income per year	Estimated loss in GDP per year
Columbia	-30	-\$2,014,893	-\$2,643,400
Asotin	-21	-\$1,306,985	-\$1,738,409
Benton	-223	-\$16,325,746	-\$22,385,037
Chelan	-69	-\$5,378,975	-\$7,458,382
Clallam	-67	-\$4,475,443	-\$6,293,629
Clark	-444	-\$32,090,082	-\$44,351,409
Columbia	-2	-\$140,091	-\$196,918
Cowlitz	-110	-\$7,194,208	-\$10,188,768
Douglas	-41	-\$2,851,156	-\$3,862,918
Ferry	-6	-\$341,764	-\$455,862
Franklin	-116	-\$8,474,204	-\$11,524,908
Garfield	-3	-\$125,095	-\$163,954
Grant	-129	-\$9,262,051	-\$13,066,354
Grays Harbor	-63	-\$451,512	-\$6,253,625
Island	-53	-\$3,305,698	-\$4,500,068
Jefferson	-15	-\$1,013,491	-\$1,370,908
King	-1442	-\$135,093,291	-\$189,643,061
Kitsap	-201	-\$14,915,722	-\$20,884,206
Kittitas	-29	-\$2,039,013	-\$2,818,951
Klickitat	-28	-\$1,883,766	-\$2,549,521
Lewis	-79	-\$5,307,446	-\$7,440,645
Lincoln	-13	-\$819,990	-\$1,100,548
Mason	-48	-\$3,491,503	-\$4,729,728
Okanogan	-66	-\$4,505,804	-\$6,245,492
Pacific	-18	-\$1,099,591	-\$1,502,215
Pend Oreille	-10	-\$660,190	-\$872,953
Pierce	-735	-\$59,151,969	-\$82,554,423
San Juan	-12	-\$722,228	-\$1,010,579
Skagit	-95	-\$7,312,985	-\$10,123,470
Skamania	-6	-\$384,325	-\$512,824
Snohomish	-518	-\$43,647,896	-\$58,684,294
Spokane	-512	-\$38,426,616	-\$55,402,705
Stevens	-44	-\$2,588,637	-\$3,619,713
Thurston	-258	-\$19,587,047	-\$27,459,726
Wahkiakum	-3	-\$145,495	-\$190,920
Walla Walla	-52	-\$3,572,993	-\$5,021,263
Whatcom	-173	-\$12,775,521	-\$18,440,260
Whitman	-27	-\$1,834,888	-\$2,528,983
Yakima	-328	-\$23,435,619	-\$33,305,029

“Local businesses are impacted positively by the capital gains tax, as they inevitably see a boost in spending and new jobs when communities have more child care centers and construction workers.”

EXPLANATION OF METHODOLOGY

Statewide estimates were generated through a REMI economic model.² The REMI model is a dynamic model that incorporates four aspects of economic modeling: input-output models that account for transactions between industries, supply-demand equilibrium, advanced statistical modeling to quantify economic relationships and responses, and geographic specificity, providing tailored projections to regions under consideration. For the purpose of this analysis, cuts to the capital gains tax were modeled over a 10-year time horizon. Results in the analysis represent the average annual impact to employment, Gross Domestic Product, and personal income.

The IMPLAN model, a static input-output economic model, was used to develop county-based estimates. It provided the results for a given year of cuts (2025). IMPLAN has the capacity to estimate changes to more diverse local regions (in this case, counties) within the state than the REMI model. This model was used to calculate direct, indirect, and induced impacts arising from a policy change or event in a specific year.

Of note: Estimates of the impact of eliminating the capital gains tax differ modestly between the two models based on differences in the models’ methodology and information available.

The projections are based on revenue estimates from the fiscal note prepared for Initiative 2109 on February 15, 2024, available at fnspublic.ofm.wa.gov.

The Washington State Budget and Policy Center is a research and policy organization that that works to advance economic justice for everyone in Washington.

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1 Personal income is a key measure of economic health and standard of living that refers to the total amount of income received by individuals or households before taxes. This includes wages and salaries, investment income, rental income, government-provided benefits, and business income. Both the REMI and IMPLAN models rely on the U.S. Bureau of Economic Analysis definition of personal income.

2 Both REMI and IMPLAN modeling were developed with the support of the National Education Association. REMI stands for Regional Economic Models, Inc., and is based in Amherst, Massachusetts. IMPLAN Group LLC is based in Huntersville, North Carolina.