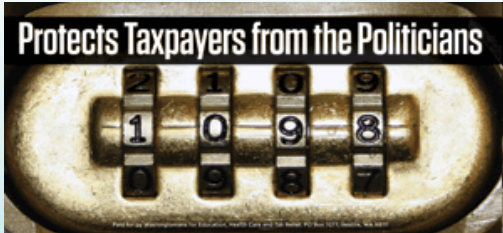


## Initiative 1098 Lessons Learned



Prepared by Washington CAN, 12/2/2010

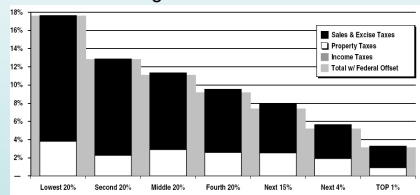
## What was 1098?

- **I-1098 would have funded** health care and education
- **By creating a tax rate** of 5 percent on annual income exceeding \$200,000 for individuals and \$400,000 for couples, and a 9 percent tax rate on income that tops \$500,000 for individuals and \$1 million for couples.
- **It also would've cut the state portion** of everybody's property taxes by 20 percent. For a King County homeowner, that would amount to about a 4 percent reduction in the annual overall property tax bill. I-1098 would also exempt an additional 118,000 businesses from the B&O tax on gross receipts by increasing the state credit to \$4,800.

Coalition for Health Care and Education, Yes on 1098 Campaign 2010

## Context

- WA has over a \$6 billion revenue shortfall and facing massive cuts in all state/county/city departments.
- WA State relies heavily on sales tax (9.5 percent) because it does not have a state income tax. Other taxes include property tax and business & operations tax.
- WA has the most regressive tax structure in the country.



Institute on Taxation & Economic Policy, November 2009

## Public Support (in the Beginning)

- 380,000 signatures collected in less than 3 months to qualify for the ballot.
- In April, polling showed that the "income tax initiative" was favored by two-thirds. (66-27)
- Polling also showed that "slippery slope" argument would be a problem.

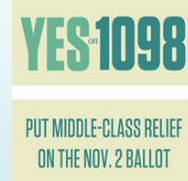


## Public Support (In the End)

- As advertising on both sides began in mid-September, the polling had flipped. A University of Washington poll conducted in October found the initiative failing by an 11-point margin. A Survey USA poll showed it going down by 22 points.
- 1098 lost by huge margins (64-36).

## Main Campaign Strategies

- Mailers
- Phone Banks
- Volunteer canvasses
- TV and radio ads
- Op-eds
- Facebook and Twitter



## Examples of Messaging



ank" <http://www.youtube.com/watch?v=ayCmNlo80a4>

Bill Gates Sr. "I love this state"  
<http://www.youtube.com/watch?v=V12Z5SYmGI>

Defeat 1098  
<http://www.youtube.com/watch?v=-vSTD4xnxK>

## "The Slippery Slope"

- "No" campaign argued that the WA legislature would expand 1098 to a full income tax.
- Response from "Yes" campaign: Any changes to the tax law would have to be brought to a vote by the people, so the people will have a final say. (example: Initiative 1053, Initiative 1107)



The Stranger, September 8, 2010

### Other Considerations

- There were 9 other statewide measures on the ballot, more than usual for WA state.
- Initiatives involving taxes did not pass.
- The “No State Income Tax” campaign spent \$6.3 million against 1098, bankrolled by some of the most prominent names in Washington business, including Microsoft Corp. CEO Steve Ballmer and Amazon.com Inc. founder Jeff Bezos.

### Conclusions

- The main campaign allowed the opposition to control the language of the debate – it became about taxes, not values. Results showed that people said “no” to any taxes.
- The “slippery slope” argument proved to be a problem; the “No” campaign played off of people’s mistrust in government. This should have been addressed early on.