

Amendment 5 to CB 119002 – Increase Rate to 2.25% (Johnson)

On page 6, beginning on line 10, amend the following subsection as shown below:

“5.65.030 Tax imposed—Rates

A. This Chapter 5.65 applies to income required to be included in total income under the Internal Revenue Code received on and after January 1, 2018.

B. There is imposed a tax on the total income of every resident taxpayer in the amount of their total income multiplied by the applicable rates as follows:

Tax Filing Status	Total Income	Rate
Resident taxpayers whose Internal Revenue Service filing status was “single,” “head of household,” “qualifying widow(er) with dependent child,” or “married filing separately” for the tax year, including individuals making the election in subsection 5.65.040.A.1, or who are a nongrantor trust	Total income in the tax year up to \$250,000	0%
	Amount of total income in the tax year in excess of \$250,000	<u>2.25%</u>
Resident taxpayers whose Internal Revenue Service filing status was “married filing jointly” for the tax year and not calculating total income based on “married filing separately” status as provided for under subsection 5.65.040.A.1	Total income in the tax year up to \$500,000	0%
	Amount of total income in the tax year in excess of \$500,000	<u>2.25%</u>

C. All total income amounts in the table in subsection 5.65.030.B shall be adjusted annually on January 1, 2019, and on January 1 of every year thereafter by 100 percent of the average annual growth rate of the bi-monthly Consumer Price Index (CPI-U) for the Seattle-Tacoma-Bremerton area as published by the United States Department of Labor for the 12-month period ending in June of the prior year. To calculate the new total income amount, the prior year’s total income amount will be multiplied by the sum of one and the annual percent change in the CPI-U. If the average annual growth rate is negative, no adjustment shall be made for the year.”

Effect: Increases the rate of tax for income in excess of the tax threshold to 2.25% rather than 2.0%. This would generate approximately \$15 million of additional revenue in the first full year of collections.