



## Tax Reform Research Memo

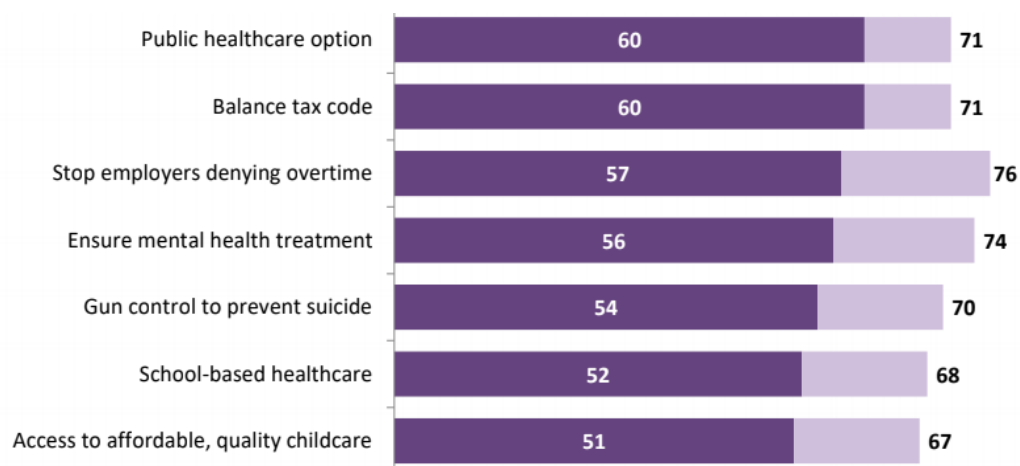
Over the last five years, with the guidance of several extensive research projects, the Communications Hub has been working alongside coalitions and partners to shift the narrative around tax reform in Washington state. In this memo, you'll find a summary of five years of data and messaging that explains why we have arrived at the perfect moment where Washington voters not only support—but are beginning to demand—that lawmakers balance our tax code.

### Current Landscape

Voters believe “the system” in Washington state favors the wealthy and big corporations. They see it in their everyday lives. Though each use different framing, both base voters and swing voters note that “the system” seems stacked against disadvantaged groups and lower wage earners. They lack a crucial piece of information, however, about just how unfairly the *tax* system is stacked against *them* as individuals and families. Once presented with the data that those who earn the least pay a much greater share of their income in taxes while the wealthiest pay a share that is **six times lower**, they understand exactly how our tax code is upside down, and they are ready for our elected leaders to fix it.

A survey in late 2018 found that 71% of Washingtonians believe that balancing our tax code will help improve Washington, alongside strong support for a public healthcare option, gun safety, and access to quality childcare.

#### Washington SiX Pre-session Survey (Dec 2018)



## How we got here

In 2014, the Building Public Will for True Prosperity report from Topos Partnership found that, on the whole, Washingtonians were distrustful of government, suspicious of wealthy special interest groups, and didn't have much of an understanding that our state relies on revenue to pay for the things that support our thriving communities. But, this research also found that Washingtonians hold a deep sense of pride in their state.

In 2015 and 2016, Topos conducted a more detailed landscape analysis of voters (Washington State Baseline Survey, Views of Government, Taxes, & Budgets) that included one-on-one interviews, talk back testing, focus groups, and polling to test general understanding of tax policy and identify the dominant narrative. They found that—compared to the rest of the nation—Washington residents are far more enthusiastic about our state. They are also less anti-tax, less likely to believe their taxes are too high, and more ready to see taxes as “a good deal” when reminded of the collective benefits of investments to their communities.

As a result, Topos developed, and advocates implemented, a critical framing strategy to always link revenue and investment stories:

*“Cleaning up the tax code provides more resources to invest in thriving communities.”*

This strategy makes sense of spending choices, affirms voters' belief that the tax code needs to be “cleaned up”, and most importantly, connects the dots that when we fix our tax code, we'll have money to spend on priorities in their communities.

## THE BASIC FORMULA



## Lessons from Taxlandia

In 2016, Topos conducted a multi-method national investigation with a deep dive in four states (Colorado, Kentucky, Washington, and Wisconsin), and developed a detailed map of the cultural understandings that influence public debate on taxes and budgets. “Taxlandia” found that over



eight in ten voters in Washington believe the tax system is controlled by special and powerful interests (83% agree, 39% strongly agree). And, it affirms that large percentages of state residents support a range of revenue policies. This is perhaps due to their view that the tax system favors corporations and the wealthy. Policies that target corporations were the most popular followed by policies that target the wealthy.

In a downscale little donut shop in Kirkland, WA, an older couple are clearly used to sparring about politics—he an arch-conservative and she an unapologetic liberal. They bicker through the researchers’ questions about taxes, but when she points to her newspaper with its article about Boeing’s tax deal—they quickly make a truce to express their outrage about these companies that blackmail the state to evade their fair share of taxes.

They concluded we must focus on a story that puts feelings about a rigged system into a specific, concrete context—the tax code—and emphasize that we can and should do something about it. This makes the problem more manageable and energizes our audiences. The research also uncovered important opportunities for changing the current conversation on revenue.

Below is a list of messaging suggestions that came from the 2016 survey but still hold true today. By appealing to the following, we can better make the case for balancing our tax code:

#### —Taxlandia, Topos (2016)

- **The common good:** Patriotism and the greater good are powerful ideas. Paying taxes is a patriotic act; public investments benefit us all, rather than the few. “Thriving communities” is a common-sense phrase that triggers the essential idea.
- **Foundational systems:** To reinforce the common good, highlight systems and institutions that are “foundations” of strong communities, of our prosperity, and so forth (schools, infrastructure, health systems, etc.).
- **Connect the dots to what taxes pay for:** Don’t make taxes and dollars the end goal, but rather put emphasis on what revenue pays for. “You can’t get something for nothing” is a common-sense phrase that feels natural and sticks with people.
- **Achievements and goals:** Related to emphasizing what taxes pay for, when possible, offer a picture of what we aspire to and what we are achieving, rather than focus on problems and shortfalls.
- **Reforming the tax code:** This focus not only provides a concrete path for more resources, it also addresses the public’s need to reform government and how it handles money. “Cleaning up” is a useful metaphor for reform.
- **Manipulation, not wealth:** Funnel populist energy toward how powerful special interests rig the tax code to benefit themselves. This is more focused than a general



resentment of “the wealthy” but rather a framing around the actions they take to harm ordinary people.

## Our Tax Code is Upside-Down

The Washington Revenue Coalition report from 2017 reinforced what we’ve known for a few years—voters have a sense that they are paying high amounts in taxes, but they expressed surprisingly little anger or frustration about it. This comes from the pride and aspiration they express about Washington, and, when shown the connection of how revenue is necessary to support our thriving communities, it makes sense to them. Through this research we discovered that there is little understanding about exactly how Washington’s tax code is regressive, or how it’s rigged against them specifically. Voters have little idea that the wealthy few are paying far less of their income in taxes than middle- and low-income families; they assume taxes are high across the board.

This is why the upside-down metaphor has become the most powerful and easy way to explain the flawed nature of the Washington state tax code.

## Why The Upside-Down Framing Works

“Washington state has the most upside-down tax code in the country. Powerful special interests have created a combination of taxes and loopholes that have those who make the least paying up to 18% of their income toward state and local taxes, middle-income families paying 11%, while the richest pay just 3%.”

- A powerful explanation, not a slogan
- New, surprising, and points to those who aren’t doing enough
- Sticky, memorable, helps to reshape the conversation
- Helpful language to use = upside-down, equal share, balanced
- Problematic language (don’t use!) = flat tax, “fair” (too vague to be meaningful)
- 18-11-3 - the percentages are sticky; middle 11% gives “me” a place to identify

By itself, the phrase upside-down doesn’t mean much, but when it is paired with the “sticky” percentage points of 18-11-3, people clearly understand the tax code is unfair, is intentionally rigged against them, and should be flipped so the wealthy pay at least an equal share of their income in state and local taxes as the rest of us do.



## 2019 Legislative Session Messaging

Using the guidance of the Topos research and the Heroes Narrative, The Communications Hub created the following messaging strategy. It is important to always talk about the Quest, the Threat, and the Solution together.

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# MESSAGING TRIANGLE

### THE QUEST

Washington is a great place to live, work, and raise a family. We can lead the nation in education, healthcare, and overall quality of life. But, you can't get something for nothing. When we all invest together in the foundations that benefit all of us, our communities thrive.

### THE THREAT

Washington's tax code is the most upside down in the nation – working families pay a rate up to six times higher than the wealthiest households. That's because powerful special interests have rigged the tax code against us by inserting tax breaks that benefit themselves.

### THE SOLUTION

If we clean up the tax code and get rid of tax breaks for the wealthy, we'll have more resources to invest in the foundations of thriving communities, like excellent schools, good infrastructure, and quality healthcare.

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## Sample Paragraph Statements

### **Version 1 (Taxes → Investments):**

"I'm hearing from folks all across our district that they are concerned about taxes. And, it makes sense - Washington has the most upside-down tax code in the nation. Did you know that the wealthiest in our state pay just 3% of their income in taxes, while our lowest income neighbors pay a whopping 18%?! That's just not right.

I'm supporting a plan to fix our upside-down tax code so that the wealthiest pay their share, low- and middle-income households get a better deal, and our communities have the resources to invest in everyday needs like quality childcare, behavioral health care, and clean air and water [INSERT COMMUNITY INVESTMENT/POLICY AREA THAT YOU'RE WORKING ON]. By making these investments in our community, all of us thrive."



**Version 2 (Investments → Taxes):**

“I hear from our community members all the time that they want better access to affordable healthcare, quality child care, and a safe and healthy home [INSERT COMMUNITY INVESTMENT/POLICY AREA THAT YOU'RE WORKING ON], and I agree! These are the foundations of a thriving community, a place we all want to live. But our upside-down tax code is getting in the way.

Did you know that our lowest income neighbors pay six times more in taxes as a share of their income than the wealthiest in our state? That's not right. Washington should be leading the way, making it easier for families to get by. That's why I'm supporting the [WORKING FAMILIES TAX CREDIT, CAPITAL GAINS TAX, WAYFAIR BILL, ETC.] to help balance our tax code. We can give working families the break they need, and invest in the things that help our communities thrive.”

<b>When they say</b>	<b>We say:</b>
Increase taxes	Balance the tax code
They'll make you pay more	Invest in our communities by [policy priority]
Spending/Money/Taxes	Community investments, specify what money pays for
Government is the problem	Our upside-down tax code is the problem
Fiscal responsibility	These are foundations of thriving communities

**Research and Reports that Informed this Summary Include:**

1. Building Public Will for True Prosperity, August 2014, Topos
2. Washington State Playbook, October 2015, Topos
3. Views of Government, Taxes, & Budgets, July 2016, Topos
4. Taxlandia, February 2016, Topos
5. Washington Revenue Coalition Interim Highlights, Oct 2017, Topos
6. Washingtonians Think about Taxes: Motivating Public Support for Tax Reform, Nov 2017, Topos
7. Washington SiX Pre-Session Survey, December 2018, Greenberg Quinlan Rosner Research

For more information on these reports, messaging guidance, or resources, contact  
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