A Newsletter of the Tax Fairness Organizing Collaborative

Tax Fairness *Action News*

Spring 2008 | Volume 1, Number 2

The Tax Fairness Organizing Collaborative is a network of statewide grassroots organizations that are educating and organizing for fair and adequate taxation primarily at the state level.

Our Principles

We believe:

✦ A fair tax system is one that is progressive, transparent and that generates enough revenue to fund quality public services and provide opportunities that enable all people to thrive.

✦ Comprehensive participation of people at the grassroots level in political change processes is integral to social and economic justice.

✦ Collaborating, communicating and problem solving with peer organizations adds value to an individual organization's work.

✦ The internal and external workings of nonprofit organizations should be explicitly and demonstrably democratic and non-oppressive.

For more about the Collaborative see back page.

Inside

Dear Reader,

We are pleased to present you with the second issue of the newsletter of the Tax Fairness Organizing Collaborative.

This edition coincides with an alarming budget crisis in which at least 25 states are facing deficits — approximately $40 billion combined — in their fiscal year 2009 budgets.*

Budget deficits are not simply the result of incompetent public officials. Rather, they are the intended outcome of a political model that aims to shrink the role of government in developing quality infrastructure and economic opportunity for everyone in our society. Years of cutting taxes of corporations and the wealthy have resulted in budget shortfalls. These shortfalls now threaten to cause yet another wave of public services cuts, particularly for those most harmed by economic injustice. This is not governmental incompetence; it is tantamount to institutionalizing economic apartheid along race and class lines.

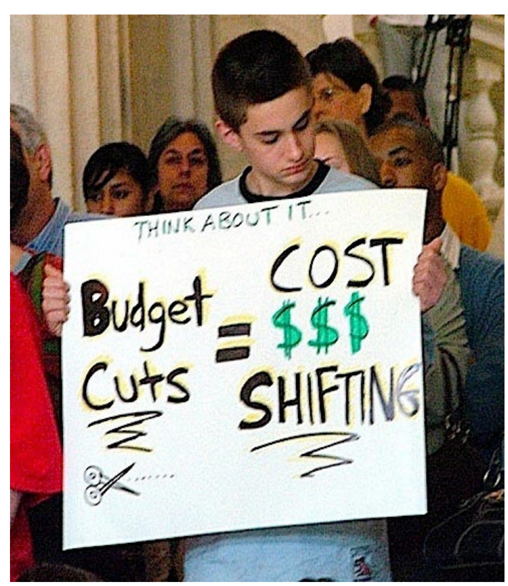
This issue of Tax Fairness Action News provides concrete examples of grassroots political action to proactively counteract this model of economic oppression. By promoting and defending progressive taxation and just economic policies, Collaborative members are advancing an alternative model in which the economy benefits all Americans.

Our hope is that these experiences will inspire the public and our allies to actively support the work of the Collaborative and its members. Please do not hesitate to contact us with suggestions or questions. Your feedback is integral to the reciprocal relationship necessary for a dynamic movement. Together we will achieve our shared objectives for economic justice. Sí se puede...

We look forward to hearing from you.

In Solidarity,

Adrián Boutureira,
TFAN Editor



* CBPP 2008 April 29th report

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Alabama: Arise Citizens' Policy Project

Arkansas: Arkansas ACORN

Colorado: Colorado Progressive Coalition

Connecticut: One Connecticut

Florida: Florida Center for Fiscal and Economic Policy; Human Services Coalition

Kentucky: Kentuckians For The Commonwealth

Maine: Opportunity Maine; Food AND Medicine

Massachusetts: Neighbor to Neighbor; Coalition for Social Justice

Missouri: Missouri Progressive Vote Coalition

Nevada: Progressive Leadership Alliance of Nevada

New Jersey: New Jersey Citizen Action

New Mexico: Southwest Organizing Project

New York: New Yorkers for Fiscal Fairness

North Carolina: North Carolina Justice Center

Oregon: Our Oregon

Pennsylvania: Penn PIRG/United Pennsylvanians

Rhode Island: Ocean State Action

Tennessee: Tennesseans for Fair Taxation

Texas: Center for Public Policy Priorities

Virginia: Virginia Organizing Project

Washington: Washington Tax Fairness Coalition

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Organizing in the Ocean State

By Karen Malcolm, Ocean State Action

Like so many states, Rhode Island is in the midst of a state budget crisis. With a mounting structural deficit expected to exceed $450 million, deep cuts are on the table that threaten state aid to education, health care, child care, elder daycare services, and other essential state programs. Crucial state employees and hundreds of teachers state-wide have been given their walking papers. Worse, Rhode Island is frozen into inaction on issues residents face daily: paying for health care and college, securing decent employment and keeping up with fuel prices, rents and fallout from the emerging mortgage foreclosure crisis.

Rhode Island's tax policy is a contributor to our current situation. Over the past decade significant tax-cuts have passed including cuts to the state's income tax, capital gains taxes, and corporate income taxes; also approved have been multiple, expensive corporate tax subsidies. The lack of balance has made Rhode Island's system increasingly regressive. According to the Institute for Taxation & Economic Policy:

- The poorest Rhode Islanders pay 13% of their annual income in overall taxes, while the richest pay just 6%.
- As state funding cuts continue, the property tax has become increasing regressive with middle-income Rhode Islanders paying an average of 4.4% of their income in property taxes compared to the wealthiest who pay just 2%.
- The sales tax is the most regressive. The poorest Rhode Islanders pay 8% of their income in sales tax, while the richest pay less than 1% in sales taxes.

A Real Solution: Ocean State Action (OSA) is leading the fight for a comprehensive and fair solution. Drawing on our twenty years of successful grassroots organizing, coalition building and legislative advocacy we are calling for passage of the *Economic Growth & Fairness Act* (H7950 / S2668).

The act is a comprehensive plan that will raise critically needed revenue. But more, the act will re-balance the state's tax structure to ensure that all invest their fair share towards the common good. The act significantly expands the state's property tax circuit breaker and also increases the state's EITC while raising income taxes, restoring a fair tax on capital gains and expanding the sales tax to certain services — all in order to make for a less regressive tax system. By the numbers, the act is estimated to raise $346 million in new revenue, would give back $184.8 million to moderate and low-income households through the circuit breaker and EITC, leaving $161.2 million for re-investment in state aid to education, preservation of critical services and programs and towards deficit reduction.

But we know that to reduce the structural deficit fairly, we need all the facts! For some time Ocean State Action has led the call for quality corporate tax subsidy reporting. Rhode Island lacks oversight and accountability for the countless special tax treatments handed out over many years. At Halloween, OSA led a direct action calling for the state's Administration to "take the mask off" the hidden tax expenditure budget by demanding the appointment

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Unprecedented Victory in Washington State

By Christy Margelli, Washington Tax Fairness Coalition

The 75+ member Washington Tax Fairness Coalition and the Washington State Budget & Policy Center just wrapped up four months of intensive collaboration that resulted in an important and historic victory: Washington State is now the first state in the nation without a state income tax to set up a state level earned income tax credit.

The Washington State Budget & Policy Center developed the policy proposal, dubbed the ***Working Families Credit***, to provide low and moderate wage earning families with an additional tax rebate, based on a percentage of their federal Earned Income Tax Credit (EITC). The Center provided expert analysis and a steady flow of policy information and technical assistance, and took the lead on an impressive earned media campaign that netted supportive editorials and even an op-ed in *The Seattle Times* by former Washington Governor Gary Locke in support of the proposal.

The Washington Tax Fairness Coalition led the extensive grassroots and direct lobbying effort that was — against the odds — successful in getting the legislation to create the ***Working Families Credit*** introduced, passed in both houses of the State Legislature, and signed by Governor Christine Gregoire. This was accomplished in a short 60-day legislative session that typically does not involve approving new or significant legislation, and with virtually no time to lay any groundwork.

Exciting Details

The 2008 supplemental state budget invests $1.25 million to set up the ***Working Families Credit***. In next year's budget, the State Legislature will need to appropriate the funding to provide refund checks to families, starting at 5% of their federal EITC credit the first two years of the credit and then rising to 10% in year three.

Once fully funded, the ***Working Families Credit*** will be the most significant improvement to the tax structure in Washington State for lower-wage workers in thirty years — since the sales tax on food was eliminated in the late 1970s. It will give an additional tax rebate to nearly 350,000 families across Washington State.

A national study released by the Institute on Taxation and Economic Policy found that Washingtonians with the lowest income pay five times more in state and local taxes as a percentage of household earnings than the wealthiest state residents do, making Washington's the most regressive state tax system in the nation. The ***Working Families Credit*** begins to address this inequity by giving a rebate to those who are disproportionately affected by the state's skewed structure.

Across the country, 22 states and the District of Columbia have already implemented state credits based on the EITC. These programs have proven to encourage workforce participation, help bring families out of poverty and provide a boost to local economies. Much like the programs in other states, the ***Working Families Credit*** aims to build on the successes of the federal EITC, which helped bring more than 4.4 million people above the poverty line in 2003 alone. Since its inception in 1975, the EITC has received broad and bipartisan support and is widely regarded as one of the most effective federal anti-poverty programs ever created.

When fully implemented, a working family in Washington State earning minimum wage will be eligible for a ***Working Families Credit*** worth up to $470, and an eligible family's sales tax bill will be reduced by an average of 30 percent a year. Families in urban, suburban and especially rural areas will benefit from the Working Families Credit.

How We Got There

The victory was a truly collaborative effort. Given that the proposal for the ***Working Families Credit*** did not come together

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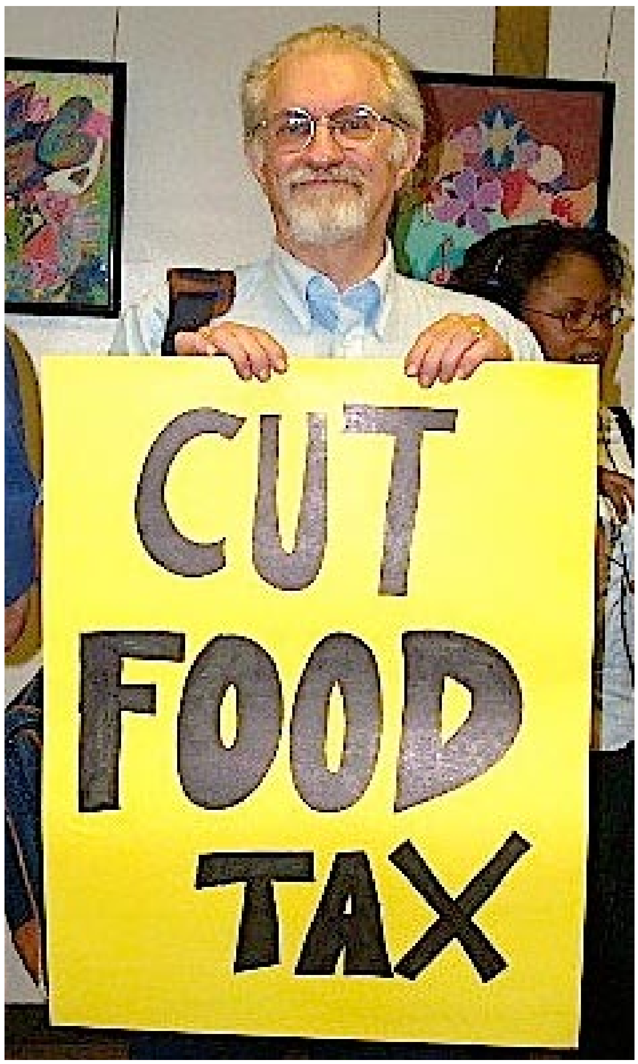
A Focus on Food and Business in Tennessee

By Brian Miller, Tennesseans for Fair Taxation

Tennesseans for Fair Taxation's proposed Food and Business Tax Fairness Act was introduced in the Tennessee General Assembly in 2008. This bipartisan bill calls for reductions in the state food tax. Even with a recent reduction in the state food tax won by TFT last year, Tennessee still has the third highest food tax in the nation. These reductions would be paid for by money recovered from closing corporate loopholes that allow multi-state corporations to avoid paying the business taxes that our homegrown, small businesses must pay. These loopholes would be closed through the method known as combined reporting. Tennessee would be one among 22 states that have closed corporate loopholes through combined reporting.



Media Campaign

TFT's Media Committee, through a series of conference calls, has been planning a media campaign around the 2008 legislative developments. The group's efforts went public in a statewide, multi-city, media kickoff. In late March, TFT held news conferences in all the major news markets in Tennessee, including Nashville, Chattanooga, Knoxville, Tri-Cities, Memphis and Jackson. In these news events, TFT formally announced its 2008 legislative campaign and discussed the support this bill has received from the small-business community and our coalition members. The events were covered on nine TV stations, two radio stations, six major newspapers, plus the Associated Press.

Concurrent to the press events, TFT took advantage of the emerging popularity of internet video sharing by posting a YouTube video we created on combined reporting and The Food & Business Tax Fairness Act (to see the video go to www.youtube.com/watch?v=6EPF4dvoddY). Over 100 people have viewed the video so far and a couple of TV stations embedded the video on their own web sites.

The media kickoff is the central component of a much larger media strategy. TFT members made a point of educating reporters and editorial staffs on the details of our plan before the legislative session unfolds. We have done so through editorial board meetings with influential newspapers in the state. Several articles have already come from these meetings, and additional meetings are planned.

The effort to generate media interest around the 2008 legislative campaign began in the fall of 2007. The news of the 2008 campaign rode in on the heels of the 1/2% cut in the food tax that took effect January 1, 2008. The 1/2% cut, pushed by TFT in 2007, created momentum for and interest in further reductions in the state food tax. A great deal of this momentum was created by our own John Stewart, whose eloquent op-ed about the food tax cut ran in papers across the state.

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Connecting the Head and the Legs in Alabama:
An Organizing Lesson for Media Outreach

By Jim Carnes, Arise Citizens' Policy Project

Like a growing number of social justice organizations, Arise Citizens' Policy Project (ACPP) has both a policy team and a field organizing team. We on the policy side spend most of our time in the office, researching and writing policy briefs, fact sheets and reports, while our organizing colleagues travel the state holding listening sessions, tax reform workshops and other meetings. Input from members in the field shapes our policy agenda and our educational resources, as we implement popular education models of outreach.

The two teams are collaborating on language and conceptual frameworks that can meet low-income people where they are and help them connect their everyday challenges with policy solutions. Recently we have been evaluating the pros and cons of the "fairness" message frame and testing whether a "balance" frame works better. (For example, "This tax deduction might have made sense when we put it in place 40 years ago, but it's out of whack now because it primarily benefits those at high incomes.")

We recently experienced a media outreach success that may be instructive for other groups. As Alabama's economy over the last decade has reaped the benefits of industrial recruitment, many Alabama working families have watched the prosperity train from a distance, struggling to make ends meet. A new ACPP report called *Bridging the Gap* offers 30 achievable recommendations, modeled on best practices of nearby states, that can help ensure opportunities for advancement across the entire workforce (to see the report, visit www.arisecitizens.org). The report is part of the national Working Poor Families Project, which evaluates and compares state approaches to workforce development. Six major newspapers published editorials urging Alabama leaders to give the report serious consideration, and most of them underlined the importance of tax reform to help working families. Those papers and numerous others ran news articles covering the report's release. Our *Bridging the Gap* coverage is some of the best media attention we've ever received, and it didn't happen by chance.

With guidance from the folks at the Working Poor Families Project in Washington, we applied some of our organizing skills to media outreach for the *Bridging the Gap* report. In the weeks leading up to the release date, ACPP analyst Ron Gilbert, author of the report, and executive director Kimble Forrister met with editorial boards of major newspapers across the state. They summarized the report, gave a tax reform update, and answered questions from the editors. Thus, by the time our news release went out, the editors were already familiar with the *Bridging the Gap* message. For the State House event marking the publication's release, Ron and Kimble organized a discussion that included three state legislators and members of the media. In addition, ACPP distributed the report to the governor's staff and state agency heads, legislators, college administrators, and other public officials and opinion leaders.

> *"If there were ever any doubt that Alabama Arise is in it for the long haul, the group erased it Monday, releasing a report with numerous and wide-ranging recommendations on ways the state can help low-income working families. Leaders of the group say some of the changes could be made immediately. But they concede that others may take years to enact, given the state's chronic revenue problems. There is, however, a sense of urgency as Alabama competes with its neighbors for jobs and economic development. ... The new report shows that more than a third of all families in Alabama are considered working poor. Progress moves at a snail's pace in Alabama. We're glad that doesn't discourage the efforts of Alabama Arise and other advocates of long-needed changes."*
>
> — *Tuscaloosa News*

Strong statements such as the one from the *Tuscaloosa News* show the value of organizing for media coverage on policy research. Some well-planned legwork can help take our "headwork" into new territories of public advocacy.

Allies Turn Back Corporate Give-a-Ways in Virginia

By Barry Butler, Virginia Organizing Project

Thanks to the attentive legislative tracking efforts by the Commonwealth Institute for Fiscal Analysis and a quick grassroots response by the Virginia Organizing Project (VOP), economic and tax justice allies were able to turn back efforts to change for the worse the way corporate taxes are calculated for manufacturing companies in Virginia.

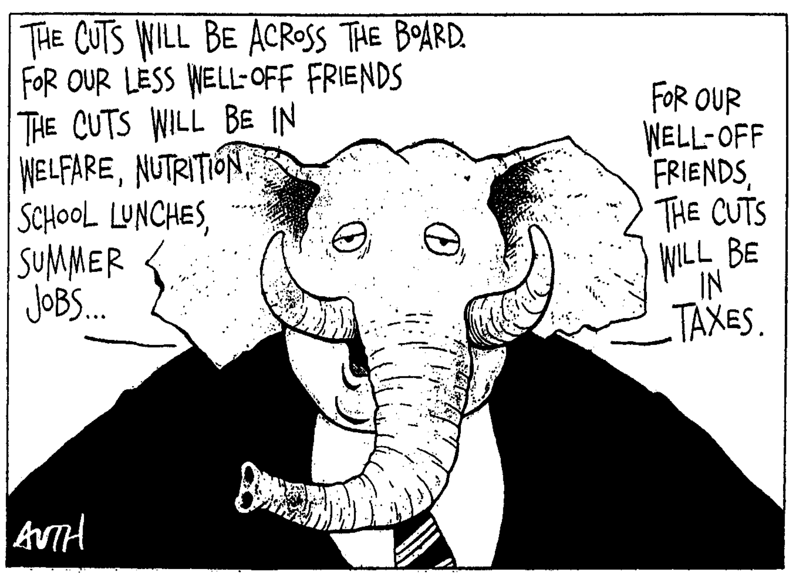
The bill to change the corporate tax calculating formula to a "Single-Sales Factor" (SSF) option went unnoticed until it unanimously passed the Virginia House of Delegates in early 2008. Whereas the current method of calculating the Virginia corporate tax takes into account a company's property holdings, size of payroll, and in-state sales revenue, the SSF method would consider only a company's in-state sales revenues. Such a change would cost Virginia an estimated $36 million annually, further reducing state tax revenues which have been revised downwards twice since last summer.

An issue brief written by the Commonwealth Institute highlighted the deficiencies and negative effects of such a targeted tax cut. It noted that SSF would benefit only large manufacturers with significant out-of-state sales revenues, giving them an unfair competitive advantage over smaller manufacturing firms which have little out-of-state sales. Further, reports by the Center for Budget and Policy Priorities show that SSF has proven to be ineffective as an economic development and job creation tool for which it has been touted by SSF advocates. Eight states have had SSF in effect for at least six years, and in comparison to the rest of the country, those states did no better than other states in retaining or creating manufacturing jobs.

The grassroots efforts to impede the progress of this bill shifted into high gear on February 22 when the Commonwealth Institute released their issue brief, sounding the alarm to tax justice supporters. VOP's Tax Reform Committee expanded the grassroots efforts outside of Richmond by urging Virginia taxpayers to action through phone calls and e-mail action alerts, asking Virginians to contact every member of the Virginia Senate Finance Committee. The message was, "Kill HB 1514, a fiscally irresponsible tax cut for corporate manufacturers that will create no jobs, hurt small manufacturing firms and further strain the already stressed state budget." At the same time, VOP's Legislative Director Ben Greenberg and the Commonwealth Institute Director Michael Cassidy met face-to-face with virtually every member of the Virginia Senate Finance Committee or their legislative aides, briefing them on the negative effects of such a change to Virginia's already regressive tax code.

On February 26, much to the surprise of Virginia's powerful business and manufacturing lobby and the Chief Patron of HB 1514, Delegate Kathy Byron (buoyed a unanimous vote on her bill from the House, and the co-sponsorship of some of the most senior membership in the House of Delegates), the Senate Finance Committee voted 9-7 to carry the bill over to the 2009 General Assembly session. This was a result of testimony by Cassidy, Greenberg, Jim Leaman of the Virginia AFL-CIO, as well as issues raised by Virginia's Tax Commissioner and the grassroots efforts by tax justice and reform supporters in Virginia.

The defeat of SSF, particularly within such a short timeframe for action, is a major victory for tax justice and reform efforts and also serves as an example of how different groups and organizations can work together effectively on a common goal. As Virginia moves into the 2009 General Assembly session and the 2009 Governor's race, tax reform is positioned to be a major issue, and one in which progressive tax reform allies will be a driving force.



In Crisis, Nevada Finds Opportunity

By Launce Rake, Progressive Leadership Alliance of Nevada

The Silver State, roiled by tax and budget problems, is in a fiscal crisis.

Many of Nevada's revenue sources — including gambling, financial services, real estate, and sales — have historically been very sensitive to national economic downturns, and the current recession is hitting the state hard. There's been a virtual collapse of the state's social and medical infrastructure, and serious decay in its physical infrastructure. Already among the worst in per-pupil K-12 spending, high school graduation rates, children's health insurance coverage, and many other metrics of social health, Nevada's situation may be getting worse, not better.

While members of the new gilded class continue to buy multimillion dollar homes behind gated walls in Las Vegas and spend thousands on "bottle service" in nightclubs, economically disenfranchised people here are experiencing some of the worst living conditions in the United States. For example, Families USA reported that hundreds of people die in Nevada every year simply because they lack access to health insurance.

Nevada's ultra-conservative governor Jim Gibbons refuses to budge from his ideological "no new taxes" straightjacket. He's dealing with close to a billion-dollar shortfall that has to be balanced — nearly a quarter of the total state budget. At a time when needs are greatest, the conservatives are using the crisis as an excuse to attack working families.

Communities Respond with a Progressive Agenda

But in times of crisis, organizing opportunities frequently appear. The Progressive Leadership Alliance of Nevada (PLAN) is joining with dozens of other groups, many new to this kind of political advocacy, to oppose the governor's proposed cuts. PLAN has organized around state budget issues since the organization was created in 1994 by labor, conservationist and social justice groups. The organization can claim significant victories in reforming what had been - and still is - a system that clearly could not fulfill even minimal governmental needs, including those required by federal mandates. In 2003, PLAN was able to pass a $300 million tax increase, the largest in Nevada history, in large part to respond to a growing disparity between the services provided throughout the rest of the United States and the Silver State. The key to passing the 2003 tax increase was mobilizing the forces of affiliated and allied organizations, among them the labor unions - still strong even though Nevada is a notorious "right to work" state - and disparate conservation, human services and social justice groups. PLAN has called upon the same coalition, now even larger with the addition of organizations advocating for essential medical and psychological needs, to immediately fight the budget cuts. We are working through tried and true and successful grassroots lobbying efforts, including a massive effort to get letters to the editor and earned-media stories in newspapers throughout the state. We are working to have individual letters mailed to the governor and members of the legislature, which although it does not formally meet again until the spring of 2009, still has some oversight authority. We have participated in, or directly organized, a half-dozen rallies in Las Vegas, Reno and Carson City. We have organized a drive to collect individual stories of hardship caused by the cuts and pre-existing lack of services, and distribute those to the media. The effort has prompted several front-page stories in the state's major newspapers.

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NY Finds Success with the Better Choice Budget Campaign

Ron Deutsch, New Yorkers for Fiscal Fairness

The Better Choice Budget Campaign is a coalition of community, labor, faith-based and grassroots organizations that are committed to promoting state policies that generate revenue in a responsible and fair way. We started in 2002 to respond to a looming $11 billion budget deficit and massive proposed cuts to human service programs. For the past 5 years we have been promoting common sense solutions to balance the state budget that would strengthen services for low/moderate income families and to create a more fair tax system.

Over 100 community, religious, education, labor and human services organizations from throughout New York State issued a joint statement calling upon elected officials to make "better" choices in the upcoming budget debates. The joint statement was issued on January 17, 2008 at a press conference at the Legislative Office Building in Albany. The endorsing organizations, representing hundreds of thousands of New Yorkers, called for a fair budget that would invest in New York's working families. The Better Choice Budget Campaign asked state leaders to balance the state budget in a reasonable and responsible manner and to end the special treatment of the favored few.

The groups urged the governor and the legislature to provide property tax relief in a balanced manner by restoring revenue sharing with local governments, creating a property tax circuit breaker program to replace the ill conceived STAR rebate checks, and restoring progressivity to the personal income tax to ensure that the wealthiest New Yorkers pay their fair share of state taxes.

The coalition released a 6-point platform that supported:

- **Closing loopholes** that allow large, profitable corporations to avoid paying their fair share of state taxes.
- **Making New York's tax system fairer** and more equitable by increasing the top marginal tax rates on the highest income households.
- **Stopping sweetheart deals** with high-priced consultants who are being overpaid to do jobs that state workers can do better and cheaper.
- **Lowering drug prices** for state and local governments by using New York's purchasing power to get a fair deal from the drug companies.
- **Reforming economic development programs** by improving the effectiveness and accountability.
- **Enacting the Bigger, Better Bottle Bill** and making the beverage bottling industry return unclaimed bottle deposits.

The former governor, in his State of the State message, lamented, "We need to start getting real about our property tax crisis." The Better Choice Budget campaign agrees with the Governor on this issue but insists that any property tax reform must be looked at in the context of the overall tax burden faced by New Yorkers in different income brackets.

In 2003, as a result of the Better Choice Budget campaign work, the Legislature, over the veto of Governor Pataki, increased the top marginal rates on the personal income tax for wealthy filers for three years to help balance the budget during a period of large budget deficits. During those three years, New York saw a substantial increase in the number of high income taxpayers and in the amount of their income despite Governor Pataki's claim that these temporary increases would have the opposite effect. These top rate increases have since been phased out and we have returned to a tax system where the majority of working class New Yorkers now pay almost twice the percentage of their income in state and local taxes as the richest 1 percent.

This year, the Assembly Majority has advanced a budget plan that includes a temporary increase of less than one percent point (from 6.85% to 7.7%) on taxpayers with taxable incomes of more than $1 million a year. This temporary high-end tax increase would restore an important bit of tax fairness to New York's overall state-local tax system. Much of the income growth of the past decade has been at the very top and even with this fraction of a percent increase, those with high incomes will still be much better off than in 2003. But, just as importantly in the current economic situation, a high-end income tax increase would allow the state to balance its budget without jeopardizing critical health, education and infrastructure investments.

The Better Choice Budget campaign has been organizing across the state, holding numerous budget forums, to meet with local organizations and inform them about the details of the Gov-

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Speaking Up in Massachusetts

By Debbie Fastino, Massachusetts Coalition for Tax Fairness

Revenue is vital to progress on health care, education, transportation, and housing. And closing corporate loopholes is a fair way to get the revenue needed to make these investments. On these two premises, the Massachusetts Coalition for Tax Fairness was formed.

Our momentum was buoyed when earlier this year, the Study Commission on Corporate Taxation came out with a favorable report on two key corporate tax reforms: 1) implementing combined reporting (to stop large corporations from shifting profits out of state to avoid taxation) and 2) closing the "check the box" loophole (no longer allowing a corporation to claim themselves as one entity in Massachusetts and another for federal tax purposes).

Two top political players, Governor Deval Patrick and the Speaker of the House of Representatives, agreed to close corporate tax loopholes to end tax avoidance schemes by large multi-state corporations. But they parted ways on what to do with the resulting $500 million of new revenue raised.

Instead of investing the revenue to reverse education cuts and fund health care, the Speaker wants to give nearly all of it away in a huge tax reduction for corporations — reducing the current 9.5% business tax to 7%. This will result in hundreds of millions in budget cuts over the next few years to close the anticipated $1.2 billion budget deficit. The Governor's proposal would reduce the business tax less — to 8.3% over 3 years.

As members of the Coalition for Tax Fairness, the Coalition for Social Justice (CSJ) and Coalition Against Poverty (CAP) have been fighting to close corporate loopholes through grassroots pressure. Some of our activities have included local meetings with legislators, targeted phone calls to legislators, getting local media at our speak-outs, and bringing turnout from residents of Southeastern Massachusetts to Revenue Committee hearings at the State House. Coalition for Social Justice and Neighbor to Neighbor (N2N) co-facilitated a rally next door to the Revenue Committee hearing on March 5. The room was full of CAP, CSJ and N2N members along with many members of the Coalition for Tax Fairness giving spirited speeches and chanting "Close Corporate Loopholes, Invest in the State….No Cuts to Corporate Tax Rates!"

In April, the House passed a bill that closes both loopholes but reduces the corporate tax rate to 7.5%. Triggers were adopted with the intent of preventing the rate cut from going forward in a recession. Unfortunately, the bill also gives a nearly 20% tax cut to financial institutions and introduces a new loophole into the combined reporting policy. Shortly thereafter the Senate passed a better version of the bill, reducing the corporate tax rate slightly less (to 8.0%) and omitting the destructive new loophole. Our organizing efforts now turn to the conference committee, where we will pressure legislators to preserve the best elements — and eliminate the worst — of the two versions of the bill.

New York's Better Choice Budget Campaign

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ernor's budget and how the state should address the $4.5 billion budget deficit we face. We are urging organizations to support the Assembly's "Millionaires Tax" as a first step in restoring progressivity to the state's tax system.

For more information on the Better Choice Budget Campaign please visit our website at www.abetterchoiceforny.org.

Victory in Washington State *continued from page 3*

until late in 2007, its passage by the legislature just a few months later is almost unprecedented. Remy Trupin, executive director of the Washington State Budget & Policy Center, reached out to the Center on Budget and Policy Priorities and arranged to have national policy and communications staff people come to Washington State to present the idea to the full membership of the Washington Tax Fairness Coalition. Christy Margelli, the brand new executive director of the Coalition, urged members and allies to look past the timing and embrace what she saw as a tremendous opportunity. The group agreed.

Reaching Out to Legislators

When the session started just a few weeks later in early January, the Coalition reached out to legislative leadership and potential sponsors, while the Center worked on finalizing a proposal and served as a technical resource to bill drafters. Both the Speaker of the House and the Majority Leader of the Senate were enthusiastic and supportive of creating a ***Working Families Credit*** for Washington State and dynamic legislators agreed to sponsor the bill, including the Vice-Chair of the Ways & Means Committee, Senator Craig Pridemore.

Community, civic, religious and labor members of the Washington Tax Fairness Coalition stepped up their level of involvement, including but not limited to UFCW, Statewide Poverty Action Network, the League of Women Voters, SEIU, the Children's Alliance, Washington CAN!, the Washington State Labor Council (AFL-CIO), the Religious Coalition for the Common Good, the Minority Executive Directors' Coalition, the Women's Law Center, Real Change, Washington ACORN and the Peace and Justice Action League of Spokane.

Those Coalition partners joined staff and new allies like the United Ways of Washington, the Washington State Catholic Conference, UAW 4121, the Jewish Federation of Greater Seattle, King County Democrats and Fuse (a new progressive multi-issue group) in educating members of key legislative committees, working with sponsors to schedule committee hearings and sharing legislative-district specific data, fact sheets and press coverage generated by the Budget & Policy Center with legislators. At over a dozen lobby days, participants sported red "Pass the Working Families Credit!" stickers as they met with their legislators to urge their support for the bill, augmenting the daily lobbying being done by Coalition staff, partners and allies. A steady stream of emails, letters and phone calls generated by the Coalition's non-stop grassroots activities provided strong support for the action at the state capitol.

Challenges Met

Passing the bill was not without its challenges. In the House Finance Committee, the Chair stripped the bill to a study-only. On the Senate side, it was amended to begin at 5% rather than 10% in light of weak revenue projections, but passed on the floor by a healthy margin. The Senate bill went to House Finance, where the Chair amended that bill with an unprecedented and onerous requirement: in addition to the budget bill, a separate policy bill would have to be approved every year to keep the ***Working Families Credit*** alive. The Center provided analysis of the amendment, and the Coalition worked with leadership in the House to strip it during the floor vote.

In the end, the House passed the Senate bill with an amendment requiring approval of budget funding, the Senate voted to concur and the bill went to the Governor's desk. The next two and a half weeks required a flat-out 11th inning push to be sure that the Governor would indeed sign the ***Working Families Credit*** bill into law and approve the startup funding. The Governor's policy advisors turned to the Budget & Policy Center for assistance in preparing the brief on the bill, while the Coalition worked with partners and allies to generate dozens of letters from organizations, calls, faxes, and emails by the thousands (including dozens generated by an alert from United for a Fair Economy), 2,200 petition signatures, two organizational sign-on letters and strong support from House and Senate leadership, all of which culminated in the Governor's signature, making Washington State the twenty-fourth to approve a state ETIC.

Making a Difference

The collective work of the Budget & Policy Center and the Tax Fairness Coalition's staff, members and allies achieved a substantial policy improvement that will make a real difference in the lives of hundreds of thousands of Washingtonians. The state's regressive tax system is now tangibly fairer, and this collective effort has laid a strong foundation for continued success and even bigger reforms. While passing the bill is indeed a major success, the organizing and lobbying effort itself renewed and re-energized the Coalition's members and allies, and showcases the value of a strong collaboration between the Budget & Policy Center and the Tax Fairness Coalition.

Tax Code: Subsidizing the Rich

By Amaad Rivera, Racial Wealth Divide Program, United for a Fair Economy

For the better part of the last century, our government has instituted tax and economic policies that benefit those who have wealth, assets and political access. Policies to encourage asset-building are a prime example of this problematic de facto rule that "the more you have, the more breaks you get."

According to the Corporation for Enterprise Development, the federal government spends $335 billion annually on asset-building policies. The majority of these funds go to support homeownership, retirement savings and other savings and investments — of which low-income and communities of color have little. It comes as no surprise, then, that these policies benefit a low-income person by $4 on average, whereas a person with income in the top 1% gets a $38,000 benefit. In essence these asset-building policies give to the rich; they do not give to the poor.

> *For every dollar directly spent on asset-building programs, the government gives up $642 in revenue through tax expenditures for the same purpose.*
>
> *— Source: CFED*

While some asset-building policies are implemented through direct spending in the budget, the overwhelming majority are "hidden" in our tax code as tax expenditures — the economic equivalent of a tax collected and then given back to select taxpayers. The Affordable Housing Program is an example of direct spending, while the deduction for interest paid on a home mortgage loan is an example of a tax expenditure. For every dollar directly spent on asset-building programs, the government gives up $642 in revenue through tax expenditures for the same purpose (source: CFED).

To put these numbers into perspective, one single tax expenditure — the already-mentioned home mortgage interest deduction — costs more than double what the government spends on the three biggest affordable housing programs ($70 billion vs. $25 billion respectively). In theory this deduction is incredibly important to developing and maintaining a middle class. But actually it excludes the majority of people in working-class and low-income communities for two reasons. First, it is only available to people who itemize their tax returns. And second, it is a deduction, not a refundable credit, so most eligible low-income people don't pay enough in taxes to deduct it.

To add insult to injury, people can get this deduction for both their primary and vacation homes, allowing those with more houses to get a larger benefit. The home mortgage interest deduction also exacerbates entrenched racial wealth inequality, since 78% of whites own homes as compared to only 46% of people of color (a number that continues to decrease due to the predatory practices of the sub prime lending industry). These skewed policies enable those with the most money to expand their wealth, rather than benefiting everyone proportionately.

Today's tax and economic policies that disproportionately benefit whites and the well-off are no anomaly when viewed in a historical context. In the years after World War II, the government launched new policies — namely the GI Bill and the restructuring of the Federal Housing Administration — that made way for the greatest expansion of the middle class in history. During this time, however, people of color were redlined out of homeownership and segregated out of higher education. As a result, they were systemically excluded from benefiting from the very policies that they contributed to as taxpayers, and that fueled one of the nation's largest economic booms. From the late twentieth century through the present, Presidents Reagan and Bush's "trickle down" market ideology have promulgated key tax shifts — from progressive to regressive taxes, from taxing wealth to taxing wages, from taxing corporations to taxing individuals — that greatly widened the chasm between the very wealthy and everybody else.

Sadly, the public still believes that great wealth is due solely to merit rather than understanding the enormous role tax and economic policies have played in helping to create and expand today's fortunes. Even less understood is the way in which these policies have often actively excluded or hindered working-class and low-income families, an injustice that is further exacerbated by race and gender.

As we brace ourselves for a severe economic downturn, let us remember these "hidden" policies — the ones that help the haves acquire more, while denying help to have-nots who are most at risk during a recession. Let us remember the history of our tax policies, some of which have been at the expense of people of color, the poor and women, and refocus our use of tax policy to create opportunities and benefits to all the people in our country.

In Crisis, Nevada Finds Opportunity *continued from page 7*

Throughout the debate and dialogue on the budget crisis, we have focused on the values that we hold as a community: that we care about our neighbors, and that what happens to our neighborhood, our community and our state matters to us and our families.

This take-home message has resonated and provided significant short-term victories, thwarting the worst of the cuts so far and exposing the revenue and funding system as fundamentally rotten.

Moving Towards the Future

Our next step is to take the energy, concern and momentum and work to emphasize the importance of participating in the upcoming elections. Along with many of our allies, especially the labor unions and conservation groups, we are committed to getting tens of thousands of new progressive voters to the polls. Such an outcome could well affect national races, but additionally, we hope to build a solid progressive majority in the Nevada Assembly and Senate that will be ready to profoundly reform our state fiscal structure. Beyond the strictly defensive posture we are in with respect to the governor's potential budget cuts, we are pushing for positive progressive changes. Among the changes we aim to put on the table for discussion are an increase in tax revenue generated for the state from the ridiculously outmoded national 1872 Mining Law (which allows many gold-producing polluters to produce millions in profit from Nevada while paying virtually no taxes), and a close scrutiny of taxes from the casinos. Bringing the many sides together is one of our goals. By mobilizing grassroots anger, we can force the players to the table to rewrite the bad policies we have now.

We have launched successful media events with dozens of representatives from groups across the political spectrum and across the state to show opposition to the cuts and to show that critical needs are not being met. Dozens of people have gone on television media with umbrellas - rarely needed in the driest state in the nation - to show that we could tap the rainy day fund instead of forcing painful cuts.

Perhaps more fundamentally, the crisis has revealed that the "house of cards" that has barely supported Nevada's public needs is coming down. Growth cannot be indefinitely supported and has led to many social and financing problems. Gambling is too dependent on economic good times.

Even Conservatives are Getting Onboard

The crazy roller coaster of boom and bust is affecting every taxpayer and resident of the state. Jim Rogers, a multi-millionaire businessman and Republican who now heads Nevada's higher education system, is just the latest among many conservative community leaders to agree with us and say the time has come to enact a stable revenue system — an income tax on very wealthy individuals or businesses.

> *"... the positive side of the budget crisis is that we can now put the spotlight on these companies which make a lot of money off of Nevada and don't give much, or anything, back."*
>
> *— Bob Fulkerson, PLAN*

PLAN's executive director Bob Fulkerson noted that multinational mining companies are growing fat in this time of economic insecurity as people globally sink money into gold. But what's good for those companies is terrible for Nevada's residents as the environmentally destructive companies pollute the state's fragile air, land and water. And they don't pay taxes! Newmont Mining, one of the world's largest gold producers and one of Nevada's biggest money-makers, paid no state "net proceeds" taxes, the primary business tax, at all last year. Fulkerson points out that huge retailers with out-of-state headquarters such as Wal-Mart similarly avoid paying state taxes.

"When times are good, people can afford to ignore these glaring tax inequities, but the positive side of the budget crisis is that we can now put the spotlight on these companies which make a lot of money off of Nevada and don't give much, or anything, back," says Fulkerson.

Focus on Food and Business in Tennessee

continued from page 4

The amount of coverage TFT has received around these campaigns is a news story unto itself. Since December 2007, TFT has been a central reference in at least 40 articles. Equally important, these articles have run in a number of small markets where TFT had not previously received coverage.

Small-Business and Coalition Member Outreach

The Food and Business Tax Fairness Act has provided an opportunity for TFT to share common ground with the small-business community. Members of the small-business community support the closing of loopholes that allow large, multi-state corporations to avoid paying state business taxes. These loopholes give large, multi-state corporations an advantage over locally owned businesses.

Last November, TFT conducted a mail survey of small businesses across the state. More than 80% of respondents said they would support our campaign. Several business people have formally endorsed the campaign.

We can always count on our coalition members to support our efforts. Several coalition members have signed on to the campaign and stand ready to generate emails, write letters, make telephone calls and visit legislative offices.

Our efforts have been great, but we have just begun.

Evaluating Candidates on Taxes

Whether at the state or federal level, candidates for public office in 2008 are crafting proposals and taking positions on tax policy.

While tax policy can be used for a wide range of purposes, one of its most important functions is addressing economic inequality.

Some candidates, but not all, share this value. But often it's difficult to see through the rhetoric and evaluate a candidate's position — especially on topics as complex and arcane as taxes.

That's why we created Action Tools for evaluating candidates on taxes. They contain short descriptions and definitions of key progressive principles and sample questions that you can ask as you research candidates' proposals and positions.

Find them on UFE's website under Fair Taxation or search for "candidates."

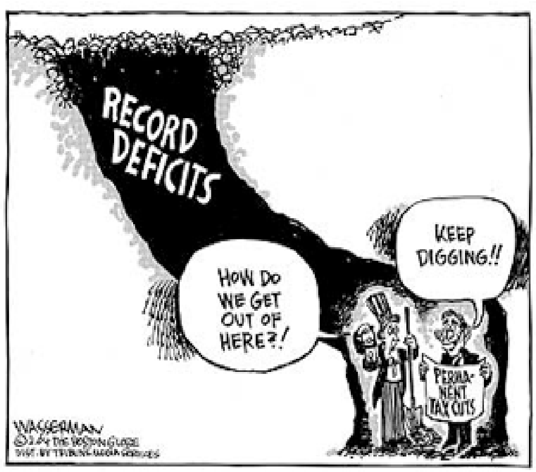
Ocean State continued from page 2

of a director for the Office of Revenue Analysis. Our action was a success!

With the office of Revenue Analysis staffed, we now call for passage of The Development Subsidy Job Goals Accountability Act. Modeled on legislation recently passed in New Jersey, this act outlines annual reporting requirements for all corporations that receive special tax treatments. A similar bill has been introduced in Rhode Island's Senate.

Organizing to Win: Quality organizing is critical to the success of the effort in Rhode Island and quality organizing depends on building strong and united coalitions. Under the banner of the Campaign for Rhode Island's Priorities, Ocean State Action is working to unite forces and build power to win. Currently, the Campaign includes 50 organizations representing community, labor, and faith and more than 1,000 individuals.

In 2007, the power of the coalition's organizing influenced state budget decisions that closed three corporate tax loopholes, preserved the state's tax on long-term capital gains due for elimination, and partially restored funds that were cut to youth in state care, child-care and healthcare.



Campaign organizers and volunteers are working hard in Rhode Island's neighborhoods to expand the coalition's individual members to 5,000 — all in support of the Economic Growth & Fairness Act. Also under way are proven "shoe-leather" tactics of door-to-door canvassing, facilitation of community-based events, rallies and forums, daily presentations to community, faith-based, small-business and PTO groups, site-based canvassing, and even an intensive field plan to garner the momentum of the presidential primary.

We are also expanding our e-activist list with key get-active opportunities — an on-line petition and call-in action hotline — and by working to engage e-activists in on-the-ground tactics. The goal is to garner commitments from on-line activists to host in-district meetings with members of both House and Senate Finance on behalf of the Economic Growth & Fairness Act and the Development Subsidy Job Goals Accountability Act.

Message & Data: To support the organizing work needed to win, OSA worked with policy analysts and local economists to produce an in-depth analysis of the state's existing tax system and the factors contributing to the current deficit. Titled "¢ommon ¢ents," the report was released publicly with extensive coverage from local media. The report is a key element of our legislative advocacy and has been used in multiple legislative briefings. ¢ommon ¢ents provides data needed for fact sheets and broader messaging for our organizing activities (to read the report visit www.oceanstateaction.org.

In Rhode Island, the op-ed page is critically important. Our organizing includes a packet for use by grassroots groups and individuals to help them compose a steady stream of letters to the editor. OSA also works with leading opinion-makers — including legislative sponsors — to write and submit guest editorials. Earned media events, including coverage of canvass days and other organizing activities is key to help demonstrate the power of our work to elected leadership. Coordinating media actions with the opportunities of legislative hearings, bill introductions and floor votes helps bring the debate to the people of the state. Additionally, we have embarked on an effort to win a critical mass of city council resolutions throughout the state as a means for influencing decision-makers and drawing media attention.

The fiscal battles in Rhode Island — and in fact nationally — can only be won with multiple groups and individuals working in unity for a common purpose. To build real opportunity for all we must stand together to demand that every person and every corporation contributes a fair share to the common good. The United States is the wealthiest nation in the world. We can and should do better for our people. That is what we at OSA work for every day.

To learn more about the Ocean State Action and the Campaign for Rhode Island's Priorities, visit www.oceanstateaction.org.

TFOC Members

Alabama
Arise Citizens' Policy Project
P.O. Box 612
Montgomery AL 36102
Tel: 334-832-9060
http://www.alarise.org

Arkansas
Arkansas ACORN
2101 S. Main St.
Little Rock, AR 72206
Tel: 501-376-7151 x128
http://www.acorn.org

Colorado
Colorado Progressive Coalition
1600 Downing St. #210
Denver, CO 80218
Tel: 303-866-0908
http://www.progressivecoalition.org

Connecticut
One Connecticut:
SEIU CT State Council
77 Huyshope Ave.
Hartford, CT 06126
Tel: 860-278-5688 x 15
http://www.onect.org

Florida
Florida Center for Fiscal & Economic Policy
579 E. Call Street
Tallahassee, FL 32301
Tel: 850-222-7607
http://www.fcfep.org

Human Services Coalition
260 NE 17th Terrace, Suite 200
Miami, FL 22021
Tel: 305-576-5001
http://www.hscdade.org

Kentucky
Kentuckians For The Commonwealth
PO Box 1450
London, KY 40763
606-878-2161
http://www.kftc.org

Welcome to new TFOC members: CPPP Texas (below), NYFF New York, and HSC (Florida).

Maine
Opportunity Maine
1057 Cape Jellison Rd.
Stockton Springs, ME 04981
Tel: 207-567-3074
http://www.opportunitymaine.org

Food AND Medicine
20 Ivers St.
Brewer, ME 04412
Tel: 207-989-5860
http://www.foodandmedicine.org

Massachusetts
Neighbor to Neighbor
8 Beacon St., 4th Floor
Boston, MA 02108
Tel: 617-723-6866
http://www.n2nma.org

Coalition for Social Justice
56 North Main Street, Suite 403
Fall River, MA 02720
Tel: 508-982-3108
http://www.csjorganize.org

Missouri
Missouri Progressive Vote Coalition
5585 Pershing Ave, Ste 150
St. Louis, MO 63112
Tel: 314-531-2288
http://www.missouriprovote.org

Nevada
Progressive Leadership Alliance of Nevada
732 S. Sixth Street, Suite 200
Las Vegas, NV 89101
Tel: 702-791-1965
http://www.planevada.org

New Jersey
New Jersey Citizen Action
744 Broad St Suite 2080
Newark, NJ 07102
Tel: 973-643-8800
http://www.njcitizenaction.org

New Mexico
Southwest Organizing Project
211 10th St. SW
Albuquerque, NM 87102
Tel: 505-247-8832
http://www.swop.net

New York
New Yorkers for Fiscal Fairness
212 Great Oaks Blvd.
Albany NY 12203
Tel: 518-452-2130
http://www.abetterchoiceforny.org

North Carolina
North Carolina Justice Center
PO Box 28068
Raleigh, NC 27611
Tel: 919-856-2570
http://www.ncjustice.org

Oregon
Our Oregon
1125 SE Madison, #210
Portland, OR 97214
Tel: 503-239-8029
http://www.ouroregon.org

Pennsylvania
Penn PIRG/United Pennsylvanians
1334 Walnut St, Fl. 6
Philadelphia, PA 19107\
Tel: 215-732-3747
http://www.pennpirg.org

Rhode Island
Ocean State Action
99 Bald Hill Rd.
Cranston, RI 02920
Tel: 401-463-5368
http://www.oceanstateaction.org

Tennessee
Tennesseans for Fair Taxation
116 Hotel Rd.
Knoxville, TN 37918-3224
Tel.: 865-687-9600
http://www.fairtaxation.org

Texas
Center for Public Policy Priorities
900 Lydia St.
Austin, TX 78702
Tel: 512-320-0222
Web: http://www.cppp.org

Virginia
Virginia Organizing Project
703 Concord Avenue
Charlottesville, VA 22903-5208
Tel: 434-984-4655
http://www.virginia-organizing.org

Washington
Washington Tax Fairness Coalition
1402 Third Ave, Suite 1211
Seattle, WA 98101
Tel: 206-621-8209
http://wataxfairness.org

Wisconsin
Institute for Wisconsin's Future
325 West Silver Spring Drive
Glendale, WI 53217
Phone: 414-967-1682
http://www.wisconsinsfuture.org

Support the Tax Fairness Organizing Collaborative

Please consider a generous contribution to the TFOC's national coordination and organizing work and/or to the work of TFOC member organizations (see list above). All contributions are tax deductible to the extent allowed by law.

____ YES, I wish to contribute __$35 __$50 __$100 __$500 or this amount $ ______ to the TFOC's national coordination and organizing work. (Please make check payable to United for a Fair Economy-TFOC).

____ YES, I wish to contribute __$35 __$50 __$100 __$500 or this amount $ ______ to the following TFOC member organization ____. (Please make check directly payable to the organization).

Payment: ___ Check(s) enclosed. Please use checks for donations to TFOC member organizations.

___ Please use Credit Card for TFOC National Coordination and Organizing contributions only.

Charge my Visa/Mastercard (circle one)
Account#_________________________ Exp date ____/____
Name on card _____________________________________
Signature ____
Address ____
City _________________ State ______ Zip ____________

Mail this form with payment to:

United for a Fair Economy
29 Winter St.
Boston MA 02108

About the Collaborative

The Tax Fairness Organizing Collaborative, convened by United for a Fair Economy in 2004, is a network of statewide grassroots organizations that are educating and organizing for fair and adequate taxation primarily at the state level. The Collaborative seeks to create a long-term national infrastructure of tax fairness organizing to complement the policy work of the State Fiscal Analysis Initiative and the Economic Analysis and Research Network. The Collaborative, with participants in 21 states and growing, shares information and strategic relationships with many national organizations and networks working on tax and budget issues.

What We Do & Why

Anti-tax, anti-government forces have gained tremendous ground over the past 30 years, having "out-organized" those of us who are concerned about public investment, equal opportunity and social welfare. The anti-tax forces have also succeeded in molding public consciousness so that it fails to connect quality of life and economic security with taxes. Rather, a majority of Americans have come to believe that government is an impediment, not an enhancer, to their quality of life — and, as a result, support for the public sector has eroded drastically.

TFOC and its member organizations believe that long-term, sustained grassroots education and organizing across the country are essential ingredients for restoring faith in government while holding it accountable. We believe in fostering civic participation, and raising the essential funds to create a society that provides economic security for all. To that end, establishing a powerful, effective national infrastructure for tax organizing is one of the most important gaps to fill in the progressive movement.

The specific goal is to create and support a powerful network of state groups engaged in educating and organizing grassroots constituencies to achieve progressive taxation at the state and federal levels, while changing public attitudes about the essential links between grassroots political power, civic participation, government responsibility and accountability, and a vibrant commonwealth.

To achieve that goal, the Tax Fairness Organizing Collaborative:

- Brings together grassroots state organizing groups to exchange experiences and share best practices;
- Shares strategies across state lines and forms affinity groups to tackle common problems;
- Provides current information on messaging, framing, and communications strategies;
- Develops and shares culturally appropriate tools to draw diverse constituencies into tax debates;
- Initiates the newly minted cadres of state tax activists into the effort to reform federal tax policies; and
- Builds a Collaborative structure through which members can better secure long-term funding to build and sustain tax organizing capacity.

Benefits to Members

- Two listserves for exchange of information and resources and for internal membership organizing and management.
- Two newsletters per year that, among other things, highlight successful TFOC members' tax fairness activities and campaigns.
- Annual TFOC conference that provides a forum for the exchange of best practices, problem solving and the discussion of issues of interest/concern to TFOC members.
- Periodic regional mini-conferences on topics of interest.
- Training in popular education methods.
- Assistance developing state tax/budget workshop curriculums and training trainers to lead them.
- Support in the planning and implementation of creative actions, and other innovative ways of garnering media visibility.
- Limited technical support in the areas of communications and fundraising.
- Opportunities to apply for mini-grants, as funds are available.

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