

A REVENUE GENERATION PLAYBOOK

HOW TO FULLY FUND OUR COMMUNITIES

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A REVENUE GENERATION PLAYBOOK

How To Fully Fund Our Communities

Communities across the country are organizing to redirect resources toward meeting community needs and achieving genuine and lasting safety for all of us.

Many are targeting police, prosecutor, jail and prison budgets that are looting resources from health care, housing, education, employment and income support, violence prevention and interruption programs, youth services and community infrastructure through campaigns to defund police, close jails, and shrink prison populations. While these efforts represent critical steps on the path to generating and investing resources into community safety and well-being, more is needed to fully and sustainably meet our collective needs. We need to democratically reimagine how our cities pay for the infrastructure and services we need to create safe and equitable communities in which everyone can live and thrive in.

There are two primary ways that local governments pay for our city services: (1) **tax revenue**, money generated from taxes and (2) **financing**, issuing debt or borrowing that typically relies on Wall Street banks.

This playbook outlines revenue generating options for fully funding our communities, including strategies to reduce and eliminate the bite Wall street takes out of our city budgets, that we can use to supplement our demands to defund the police (and prosecutors, jails, prisons and all carceral systems) to ensure full investment in safe, sustainable, and thriving communities:

→ **Tax the Rich and Use Progressive Revenue to Fund our Communities**

→ **Cancel Wall Street and Choose Progressive Finance**

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CONTEXT

Neoliberal policies, austerity budgets, and anti-Blackness operationalized in service of racial capitalism have contributed to decades of divestment from our communities while funding to police, prosecutors, jails and prisons has ballooned.¹

Neoliberalism — a term widely used but not widely defined — refers to economic and social policies which gut social welfare programs, privatize public institutions and services, eliminate government regulation, and redistribute resources into the hands of corporations and wealthy elites in the name of efficiency and “fiscal responsibility.” Ruthie Gilmore describes this process as “organized abandonment.”

Policing, criminalization and incarceration are then deployed in response to the inevitable fallout of neoliberal policies: increasingly precarious employment, housing, health care, and care economies for a growing proportion of the population, hitting low-income communities of color and people already struggling to survive the hardest. Policymakers then use fines, fees and taxes on low-income to make up revenue shortfalls that make poor people pay the most. Although neoliberalism depends on widespread internalization of notions of “individual responsibility” and deservingness, and of “color-blind” operation of free markets, neoliberal policies exacerbate existing structural racial and gender disparities.²

In this context, police serve as the muscle of racial capitalism, charged with containing and controlling marginalized communities.

Demands to defund the police are therefore not simply about budget reallocation, they are

about shifting power away from systems of punishment and into communities.

As we begin the slow road to recovery from the COVID-19 pandemic, we must recognize that the coronavirus did not create the need to strengthen our public goods and services, but it starkly demonstrated the deadly and devastating impacts of organized abandonment of Black, Indigenous, migrant, queer, trans, and disabled communities and communities of color. The past year has seen dramatically increased demands for services, and revealed how our past funding failures left state and local governments ill equipped to face a global emergency. It is a wake up call for us to reimagine how we fund our public budgets.

Ideally, public budgets serve as a tool for local governments to invest in our public institutions, goods, services and infrastructure at a scale large enough to meet people’s needs.

Public budgets are thus moral documents that demonstrate our elected officials’ priorities. When elected officials fail to generate revenue sufficient to meet these needs through tax breaks for the rich, deploy revenue generation methods that extract more from communities already reeling from organized abandonment, and overwhelmingly use public budgets to spend money on policing at the expense of housing, public health, transportation and other public goods that allow us to thrive, we know our budgets are failing our communities.

During the 2020 fiscal year, a number of city and state governments faced staggering budget deficits due to sharp declines in tax collections and overall business activity. In response, many elected officials proposed deep cuts to services

1 Andrea J. Ritchie and Black Lives Matter Chicago, *Epicenter Chicago: Reclaiming a City from Neoliberalism*, Political Research Associates, 2019, available at: <https://www.politicalresearch.org/2019/06/05/epicenter-chicago-reclaiming-a-city-from-neoliberalism>

2 Andrea J. Ritchie and Black Lives Matter Chicago, *Epicenter Chicago: Reclaiming a City from Neoliberalism*, Political Research Associates, 2019, available at: <https://www.politicalresearch.org/2019/06/05/epicenter-chicago-reclaiming-a-city-from-neoliberalism>

and programs as well as privatization of some public services, while seeking to maintain or even increase police budgets.³ Indeed, austerity measures seldom reach police departments deemed essential to managing the impacts of a shredded social safety net, or revenue generation policies that favor corporations and the wealthy at the expense of workers and low income communities.

Demands to Defund the Police

Demands to defund the police gained increased national traction during the 2020 uprisings sparked by police murders of George Floyd, Breonna Taylor, Tony McDade, Rayshard Brooks, and hundreds more killed by police since then. Organizing campaigns to defund the police were successful in preventing budget increases for police departments in many communities, and extracted over \$840 million from police budgets across the country in 2020. However, austerity measures ensured that only \$160 million of these funds were reinvested in communities.⁴

As communities enter into the 2021 budget season, in addition to calls to democratize public budgets, defund police, and reinvest all funds cut from police departments into meeting community needs, our calls for collective investment in community safety must expand to include progressive revenue and finance policies that will ensure that states and municipalities have resources necessary to truly ensure our communities can thrive.

American Rescue Plan Act Funds

The massive infusion of funding coming to states, counties, and municipalities in 2020 under the American Rescue Plan Act (ARPA) stands to significantly change the landscape of campaigns to divest from policing and punishment and invest in community-based safety. As states and localities stand to receive

unrestricted federal funds at roughly double the annual average, instead of facing a revenue shortfall, policymakers and organizers are now operating on a different playing field.

ARPA funds present a tremendous opportunity for states and localities to make long term investments in community safety and offer long overdue support to individuals and communities still reeling from the pandemic in the form of cash support, rent and mortgage cancellation, and unemployment benefits, and to build up the health care, housing, and educational infrastructure the pandemic unequivocally demonstrated is desperately needed in our communities. **Yet many jurisdictions are on track to once again divert a significant portion of funds intended to support individual and community recovery to police, prosecutors, jails, and the carceral system.** For more information on ARPA funds, see the [fact sheet](#) in Appendix A.

The time-limited influx of resources into our communities through ARPA offers us the opportunity to make bold demands for investments in infrastructure, community-based and accountable crisis response, violence prevention and interruption, transformative justice, sustainable and living wage employment, and so much more.

It also offers us the opportunity to advance progressive revenue generation strategies to maintain and increase the resources available to our communities.

This influx of funding also carries the risk that increased revenues will be used to expand already bloated police department budgets at the expense of meeting community needs. As we contemplate deploying the tools outlined in this playbook for increasing revenue at the state and local level, there are important lessons to be learned from the ways municipalities have managed increased revenue over the past year.

³ Based on reports of increased violence attributable to the economic crisis triggered by the pandemic, combined with the ongoing absence of meaningful of income and other supports, many are seeking to further increase police budgets in the 2021 fiscal year.

⁴ Interrupting Criminalization, *The Demand is Still Defund the Police: Lessons from 2020*, January 2021, available at bit.ly/DefundPoliceUpdate.



DIVERSION OF INCREASED REVENUE TO POLICE: A CAUTIONARY TALE

The invest/divest framework underlying demands to defund police and refund our communities makes clear that our demands are both to take money away from police departments and invest it into the things that actually contribute to public safety. Without this framing and people power behind it, our campaigns run the risk of fighting for new money into our budgets, only to watch elected officials allocate money to the same harmful departments that prop up the carceral system.

In April of 2020, the Federal Government passed the CARES Act, offering direct assistance to state and local governments to help ease the economic impact of the pandemic.^{5,6} But instead of using the federal assistance to support Black, Indigenous, migrant, disabled, queer, trans and other low-income communities devastated by the pandemic, many local governments used the money on policing:

- **CHICAGO** — Under the direction of Mayor Lori Lightfoot, the City spent 60% of CARES Act funds on the Chicago Police Department. Only 2% of the funds went to rental assistance, 3% to small businesses grants and loans, and less than 1% was spent on broadband for low income families.⁷
- **BIG LAKES** — The Big Lakes Police Department in Minnesota spent \$863,000 of CARES Act relief funds to buy police riot gear.⁸
- **HONOLULU** — The city of Honolulu's Police Department received \$40 million in CARES Act relief funds, some of which they used to buy a robot police dog. The City allocated only \$25 million to their housing relief fund.⁹

Elected officials repeatedly tell us that our cities cannot afford to fund the public goods and services that low income, Black, Brown and Indigenous communities rely on to live and thrive. Yet even when provided with direct assistance from the federal government to support communities impacted by the pandemic, elected officials chose policing. Without a clear demand to defund police, new sources of revenue will not flow to the departments that need it most, like education, housing, public health and our transportation systems.

5 Community Resource Hub. Ensuring Federal Stimulus Funds Support Communities, Not Cops. https://communityresourcehub.org/wp-content/uploads/2021/04/0407_CARES_ARPA_B.pdf

6 Brendan Roziere, Kevin Walby, Police Militarization in Canada: Media Rhetoric and Operational Realities, *Policing: A Journal of Policy and Practice*, Volume 13, Issue 4, December 2019, Pages 470–482 https://communityresourcehub.org/wp-content/uploads/2021/04/0407_CARES_ARPA_B.pdf

7 Peña, Mauricio. "Chicago Used 60% Of Discretionary COVID-19 Funding From Feds On Police: 'It's Immoral,' Critics Say." Block Club Chicago, Block Club Chicago, 18 Feb. 2021, blockclubchicago.org/2021/02/18/chicago-used-60-of-discretionary-covid-19-funding-from-feds-on-police-its-immoral-critics-say.

8 Rasmussen, Eric. "5 Investigates: Federal COVID-19 Aid Used to Buy Riot Gear, 'Civil Unrest Equipment.'" KSTP, ABC 5 News KSTO, 17 Feb. 2021, [kstp.com/news/5-investigates-federal-covid-19-aid-used-to-buy-riot-gear-civil-unrest-equipment-february-17-2021-/6016041](https://www.kstp.com/news/5-investigates-federal-covid-19-aid-used-to-buy-riot-gear-civil-unrest-equipment-february-17-2021-/6016041).

9 Jedra, Christina. "Honolulu Police Spent \$150,000 In CARES Funds On A Robot Dog." Honolulu Civil Beat [Honolulu], 10 Jan. 2021, www.civilbeat.org/2021/01/honolulu-police-spent-150000-in-cares-funds-on-a-robot-dog.



FACTS, MYTHS AND MYTHBUSTERS

Austerity, Regressive, and Progressive Revenue Generation

What is Austerity?

Austerity is a presumption that we should tighten our belts in tough economic times, spend as little as possible, and slash social entitlements. It is based on a basic misconception, that cutting taxes and government budgets will strengthen the economy and trickle down to reduce needs. However, austerity measures do not work for working people and only help the wealthy hoard their resources.

Austerity measures presume that low income, Black people and people of color who use and rely on public services are not deserving of those services, and can afford to sacrifice for the collective good in times of crisis while the wealthy buy their way to maintaining access to the things they need - rather than generating needed revenues by taxing wealthy people and corporations. In contrast, Argentina passed legislation increasing taxes for the wealthy to cover COVID-related expenses and shortfalls.¹⁰

What is Regressive Taxation?

Regressive revenue generating strategies are strategies that reinforce existing structural racial and economic disparities, including flat taxes and sales taxes that tax everyone at the same rate, regardless of income. They also include corporate tax breaks and other taxation strategies that enable the wealthy and corporate actors to avoid paying their fair share.

The pandemic has dramatically illuminated the ways that our economy has concentrated wealth amongst the very few at the top, often white men.

- The [Federal Reserve](#) estimates that the top 1% holds more wealth than the bottom 90% of the population.
- The combined fortune of the nation's 660 billionaires as of early January increased to \$4.1 trillion, up 38.6% from their collective net worth of just under \$3 trillion in March of 2020.¹¹
- The pandemic also helped push over 40 Americans into billionaire status, demonstrating how the ultra wealthy exuberantly generated wealth during the pandemic while Black and Brown communities were devastated by historic levels of unemployment, food insecurity, death and disease.

Our broken tax system provides much cover for the rich and corporations to pay as little as possible into our federal, state and local budgets through corporate tax subsidies and tax cuts for the rich. The result is that low-income people pay a higher share of taxes than wealthy people. For instance, based on a study of Seattle's regressive revenue structure, researchers estimated that a household making \$25,000 per year pays 17% of its income in state and local taxes, while a household making \$250,000 pays 4.4%.¹² This regressive tax structure starves our budgets of much needed revenue and supports the explosion of wealth for the ultra wealthy at the expense of the rest of us.

¹⁰ "Covid: Argentina passes tax on wealthy to pay for virus measures," BBC World News, December 5, 2020, available at: <https://www.bbc.com/news/world-latin-america-55199058>.

¹¹ Pandemic Profiteers Exposed." *Oxfam*, 22 July 2020. <https://www.oxfam.org/en/press-releases/pandemic-profiteers-exposed-report>

¹² Caruchet, Matthew. "Who Really Pays: An analysis of the tax structures in 15 cities throughout Washington State." *Economic Opportunity Institute*, 4 April 2018. <http://www.opportunityinstitute.org/research/post/who-really-pays-an-analysis-of-the-tax-structures-in-15-cities-throughout-washington-state/>

Regressive revenue generation is based on the misconception that keeping taxes low for corporations and the ultra wealthy helps stimulate the economy. **However, progressive revenue sources are better at stimulating the economy and raising everyone’s standard of living. They are a path away from austerity and towards keeping our city services thriving.**

Progressive Taxation 101

Progressive revenue policies rest on one shared belief: those who have more, pay more. Wealth taxes and corporate taxes require the ultra wealthy to pay their fair share by taxing wealth, income, transactions or property—both tangible (like a home or piece of valuable jewelry) and intangible (like the profit from sale of a stock).

PROGRESSIVE TAXES	REGRESSIVE TAXES AND REVENUE
Gradual increases in % tax rate as income, property value, or wealth increases	Sales taxes, flat taxes — taxes that impose the same taxation rate regardless of wealth and income, consumption taxes on non-luxury items like tampons.
Taxes on high incomes and on ultra wealthy residents and property	Tax breaks and cuts for the wealthy and economic development subsidies
Taxes on transfers of wealth including inheritance taxes, and transfers of assets and stocks, including capital gains taxes	Fines and fees, including user fees, driver license suspension fees, parking and traffic fines and bail

MYTHBUSTING!

Here are five quick facts and mythbusters about austerity and revenue to help resist the austerity and regressive revenue narrative.¹³

MYTH – The budget is an apolitical document that reflects the city’s needs.

FACT – City budgets are a political instrument that sets priorities and reflects the politics of elected decision makers.

MYTHBUSTER – The budget reflects choices about what our city government believes we are entitled to as residents and taxpayers. It also shows us whom our city officials are accountable to. When there are deep cuts to affordable housing and city services, with no cuts to police departments and no taxes on the wealthy, the

priorities are clear: low income and Black and Brown communities will carry the burden of recovery.

MYTH – The city is stuck between a rock and hard place because the pandemic caused revenue to plummet. There isn’t enough money to preserve or expand the critical services the city provides and cuts to public sector jobs and city services are the only option.

FACT – The city government has the ability to close revenue gaps by raising taxes on corporations and the ultra wealthy. The upcoming stimulus checks to residents and influx of funds to states and localities through ARPA and a federal infrastructure program are a stopgap measure, but not a long-term structural solution.

¹³ Based on “Mini Toolkit: Resisting Fear Mongering over the Deficit” by Groundwork Collaborative. https://groundworkcollaborative.org/wp-content/uploads/2020/05/GWC2031_Debt_Deficit-Toolkit.pdf

MYTHBUSTER — City officials have the power to shift tax and other revenue burdens to corporations and the ultra wealthy in a number of ways detailed in this playbook. Big corporations got [massive tax cuts](#) from Trump in 2017 and again in 2020 [from the CARES Act](#).

Comcast, for example, has been a major beneficiary of these tax breaks. Because of the cuts, in 2018 alone they did not pay \$861 million in taxes that they would have otherwise owed.

Corporations like Comcast benefit from pro-corporate tax policy while working class families were forced to stretch a few \$600-\$1400 stimulus checks to make it through a global pandemic. [Our country's wealthiest billionaires have actually seen their wealth increase over the course of the pandemic](#). If city officials shifted the burden, we could recoup the entitlements for the rich and turn them into revenue for the jobs and services our communities need.

MYTH — Regressive tax systems help stimulate the economy. Implementing progressive systems will stifle our economic recovery from the pandemic.

FACT — Implementing progressive tax systems will stimulate the economy and assist in a faster pandemic recovery.

MYTHBUSTER — Government officials often claim that increasing taxes will stifle economic recovery in times of downturn, using it as a reason to avoid taxing corporations and the ultra wealthy for more city revenue. However, lowering taxes on the wealthy only benefits those who are already wealthy, and has [no meaningful impact on employment and economic growth](#).

In fact, allowing people with lower incomes to keep more of their paycheck and spend more on everyday items does more for [stimulating demand](#) and helps reduce inequality when [paired with systems that legally and structurally support the poor](#).

MYTH — High government spending is dangerous and fiscally irresponsible during an economic downturn.

FACT — When crisis hits, people need deep investment in the public goods and services they rely on most.

MYTHBUSTER — A bailout for the people is a bailout for the economy. Austerity measures weaken our social safety net and cause instability in low income communities and communities of color. It is fiscally irresponsible to sacrifice the financial and public health of the many, to enrich the few.

MYTH — Sweeping budget cuts can be made with racial equity in mind.

FACT — Deep cuts in a city budget force Black and Brown communities to carry the burden of “recovery.”

MYTHBUSTER — Austerity budgets are punitive measures against working class people, particularly Black, Brown and immigrant communities who are [more often employed by the state or local public sector](#) and/or are more often beneficiaries of city services such as [public transit](#) and [public schools](#). Gutting public investment cannot be done within a racial justice context.

There is no need to choose between the city's economic health and the public's health. We consider defunding the police a public health demand. The economy does not exist separately from people. The health of the public is the health of the economy, and endangering one endangers the other. An austerity budget places strain on communities in desperate need of financial relief. And there is an alternative.



REVENUE GENERATING PLAYS



GOAL: FIGHT FOR WEALTH AND CORPORATE TAXES

State and local governments will continue to face chronic deficits because corporations don't pay their fair share under the existing tax system. Wealth taxes and corporate taxes require the ultra wealthy to pay their fair share by taxing wealth, income, transactions or property—both tangible (like a home or piece of valuable jewelry) and intangible (like the profit from sale of a stock). **Some examples of progressive wealth and corporate taxes include:**



PLAY: INSTITUTE A MILLIONAIRE'S TAX

In 2018, New Jersey successfully passed a “Millionaires’ Tax” that taxes income over \$1 million at 10.75%.¹⁴ The tax is estimated to raise more than \$400 million in progressive revenue per year, which the state can use to fund public schools, high quality public services, and property tax relief for middle and low income households.

[Take a look at the legislation here.](#)



PLAY: CLOSE THE CARRIED INTEREST LOOPHOLE

The profit that financial institutions like private equity and hedge fund managers make on the sale of an asset is called capital gains. While this money is used to increase their wealth, they use loopholes in the tax system to avoid being fully taxed on these profits. This loophole is called the “carried interest” loophole.

Capital Gains (Profit) = Original Price of Asset - Sale of Asset

The “carried interest” loophole allows hedge fund and private equity fund managers to claim part of this profit as capital gains **instead of** income. As a result they pay about 20% in taxes on their profits instead of the 39.6% they otherwise would and should if their profits were taxed as income.¹⁵

¹⁴ Tharpe, Wesley. “New Jersey Budget Deal Advances Equity With Millionaires’ Tax and More.” Center on Budget and Policy Priorities. 7 October 2020. <https://www.cbpp.org/blog/new-jersey-budget-deal-advances-equity-with-millionaires-tax-and-more>

¹⁵ Marron, Donald. “Goldilocks Meets Private Equity: Taxing Carried Interest Just Right.” *Tax Policy Center*. 6 October 2016. <https://www.taxpolicycenter.org/sites/default/files/alfresco/publication-pdfs/2000956-Goldilocks-Meets-Private-Equity-Taxing-Carried-Interest-Just-Right.pdf>

New York, New Jersey, Connecticut, Illinois, Maryland, California, Rhode Island, and Massachusetts and the District of Columbia have all fought to close this loophole by introducing a surtax on carried interest income of hedge fund and private equity managers.¹⁶ President Biden is currently weighing ending this popular tax break for the uber rich.¹⁷

[Take a look at sample bill language here.](#)



PLAY: CREATE A FINANCIAL TRANSACTION TAX

A Financial Transaction Tax is a small tax applied every time a financial asset is sold, the same way that we all pay a small tax when we buy clothes or go out to eat. These assets might include stocks, bonds, or derivatives, but the type of asset is only one factor in determining when the tax applies.

In Chicago, this is called the LaSalle Street Tax¹⁸—a tax on the financial transactions at the Chicago Board of Trade and Chicago Board Options Exchange—to generate revenue for both the city and the state. These exchanges handle hundreds of millions of trades every month. While the amount of revenue generated would vary depending on the size of the tax, the Chicago Political Economy Group estimates that even a modest fee of \$1-\$2 per trade could generate \$10-12 billion for the state. Since Chicago accounts for roughly 20% of the population of the state, if Chicago were allotted 20% of the revenues, that would mean \$2.0 to \$2.4 billion for the city that could be used to fund public services.¹⁹

[Learn more about the Lasalle Street tax here.](#)



PLAY: ENACT A DIGITAL AD TAX

When we are online, we are bombarded with digital ads. Advertising platforms like Google and Facebook make billions of dollars by giving advertisers access to the people that use their platforms—us. These platforms invade our privacy and surveil us in order to collect data they can use to let advertisers micro-target their ads to the people who are most likely to want their products.

These same big tech companies also use data collection technologies to expand policing powers. Big tech continues to build massive infrastructure that supports policing tools—like Facial Recognition software, Shotspotters or Amazon Ring—

16 Hedge Clippers. Report No. 55: DC / MD / VA Billionaires & their Lucrative Loophole, 23 March 2018. <https://hedgeclippers.org/report-no-55-dc-md-va-billionaires-their-lucrative-loophole/>

17 Ross Sorkin, Andrew Karanian, Jason and Sarah Kessler et al. "Private Equity's Favorite Tax Break May Be in Danger." *New York Times, Deal Book*. 23 April 2021. <https://www.nytimes.com/2021/04/23/business/dealbook/carried-interest-biden.html>

18 "A LaSalle Street Tax to Meet Human Needs FAQ." Chicago Political Economy Group. 2014. https://d3n8a8pro7vhm.cloudfront.net/ilgp/pages/91/attachments/original/1446489331/LaSalle_Street_Tax_to_Meet_Human_Needs_FAQ.1.1.pdf?1446489331

19 "A LaSalle Street Tax to Meet Human Needs B FAQ." Chicago Political Economy Group. 2014. 1. https://d3n8a8pro7vhm.cloudfront.net/ilgp/pages/91/attachments/original/1446489331/LaSalle_Street_Tax_to_Meet_Human_Needs_FAQ.1.1.pdf?1446489331

through the capture of data and surveillance of Black and Brown people. Through close partnership with policing departments and federal agencies, Big Tech has found another exploitative profit stream reliant on its use of personal data. Our personal data drives profit in Big Tech and their advertising platform is the primary driver of profits. More than 99% of Google's total revenue comes from ad sales.

A digital ad tax would require major advertising platforms to pay a small portion of their revenue (up to 10%) to the city every time that someone in that city is forced to look at an online ad on their platform.



GOAL: REFORM PROPERTY TAX STRUCTURES

Property taxes are a major source of revenue for public services, specifically school districts. Many property tax structures hurt low income households because they apply flat taxes across the board. This means no matter how lavish the property, the average community resident and the ultra rich pay the same tax rate on their properties.

These regressive property tax structures hit low income communities hardest. As of 2018 low income residents paid 4.2% of their income on average in residential property taxes, while middle income residents paid only 3% of their income and high income residents (the one percent) only paid 1.7% of their income. A progressive property tax structure shifts taxes from lower-value residential properties to higher-value residential and commercial properties.²⁰

Organizers can call a few plays to ensure property are less regressive and ultimately progressive:

- Impose higher tax rates on properties with higher land values. One example of this is the Mansion Tax.
- Charge different property tax rates for residential, commercial and industrial property, with higher rates for vacation, commercial and industrial properties.
- Repeal property tax exemptions or abatements for high value residential, commercial and industrial properties.



PLAY: IMPOSE MANSION TAXES VIA REAL ESTATE TRANSFER TAXES

Not many places levy higher taxes on expensive and lavish housing- but in the instances that they do, we call this tax a mansion tax.²¹

20 Wiehe, Meg, Aidan Davis, Matt Gardner, Lisa Christensen Gee, and Dylan Grundman. "Who Pays?: A Distributional Analysis of the Tax Systems in All Fifty States, 6th Edition." *Institute on Taxation and Economic Policy*, October 2018. <https://itep.org/whopays/>.

21 Leachman, Michael and Sam Waxman. "State "Mansion Taxes" on Very Expensive Homes". *Center on Budget and Policy Priorities*, 1 Oct 2019. <https://www.cbpp.org/research/state-budget-and-tax/state-mansion-taxes-on-very-expensive-homes>

Mansion taxes can take the form of higher local and state-level property taxes for higher value homes or second homes or vacation properties, or a real estate transfer tax — a tax or fee on the transfer of ownership of real property from one person or entity to another, like when someone purchases a home.

Since 2019, Washington State has the most progressive mansion tax,²² in which the property tax rate increases gradually for homes sold over \$500,000, \$1.5 million, and \$3 million and a reduced rate for homes under \$500,000.

[Learn more here.](#)



PLAY: ESTABLISH PILOTs FOR MEGA NONPROFITS

Mega non-profits use their IRS status as non exempt entities to avoid paying property taxes. For most local governments, property taxes are top generators of revenue for their public budgets and the revenue from these large institutions is much needed.

PILOTs are voluntary, permanent financial commitments by large, tax-exempt institutions like hospitals, private colleges and universities, and other non-profits to pay a set percentage of what they would owe in property taxes if they were a for-profit entity.²³ By instituting PILOTs, mega nonprofits can pay their fair share and contribute to funding our public goods and services.

Boston is home to some of the largest university, college and hospital systems in the world. The city also has one of longest standing PILOT programs, bringing progressive revenue into the city from mega non profits like Harvard University, Tufts Medical Center and Massachusetts General Hospital. In FY 2020, the city received approximately \$34.3 million in cash contributions from the participating institutions.²⁴ When a mega nonprofit expands its real estate footprint in the city and applies for tax exemption, Boston city government initiates a PILOTs process to reach an agreement on how much the non profit should pay. While this is not a property tax itself and there is much room for improvement, it is a step in the right direction.²⁵

[Learn more about Boston's PILOTs Program Here.](#)

22 Leachman, Michael and Sam Waxman. "State "Mansion Taxes" on Very Expensive Homes". Center on Budget and Policy Priorities, 1 Oct 2019. <https://www.cbpp.org/research/state-budget-and-tax/state-mansion-taxes-on-very-expensive-homes>

23 Sutton, Chase and Celia Kreth. "Penn's History of Refusing to Pay PILOTs, Explained." The Daily Pennsylvanian, 11 July 2020. <https://www.thedp.com/article/2020/07/penn-pilots-taxes-exempt-nonprofit-protest-defund-police-philly-schools>

24 City of Boston. Payment in Lieu of Tax (PILOT) Program. <https://www.boston.gov/finance/payment-lieu-tax-pilot-program>

25 Kenyon, Daphne and Langley, Adam. Payments in Lieu of Taxes: Balancing Municipal and Nonprofit Interests. *Lincoln Institute of Land Policy*, 2010. https://www.lincolnst.edu/sites/default/files/pubfiles/payments-in-lieu-of-taxes-full_0.pdf



GOAL: REDUCE REGRESSIVE REVENUE (FINES, PENALTIES, FORFEITURE AND FEES)

In cities and states all across the country governments use fines, penalties, forfeitures and fees in an effort to generate revenue to cover budget deficits. The burden of these regressive revenue approaches fall mainly on low income communities and communities of color.

This type of regressive revenue is perhaps the most predatory because it is heavily reliant on policing, criminalization and incarceration used to generate and enforce fines, fees and penalties. The enforcement and collection of fines and fees puts the most vulnerable communities at further risk for police violence, while also extracting money from these same communities. In many jurisdictions, inability to pay fees and fines results in seizure of cars, homes or saddling people with permanent debt that never sunsets, unlike other forms of debt.²⁶



PLAY: ABOLISH FINES, PENALTIES, FORFEITURES AND FEES.

[Illinois and 16 other states](#) have enacted laws that prohibit drivers license suspension for failure to pay fines and fees. [The City of Los Angeles](#) voided nearly 2 million citations and Los Angeles County eliminated juvenile court fees.



GOAL: END ECONOMIC DEVELOPMENT SUBSIDIES AND FIGHT FOR CLAWBACKS

Local governments use economic development subsidies to attract corporate players to their cities, even though research on state and local economic development incentives has shown that these programs do not materialize into any real benefits for the low income communities and communities of color they are located in.

This type of corporate welfare uses our tax dollars to prop up corporations, instead of fully funding the services that communities need. Many of us saw our state and local governments throw money at Amazon to locate in our communities. These economic development incentives ranged from multi billion dollar subsidies to airport lounges.²⁷ But incentives do not translate into improved conditions for workers or more prosperous communities. Many times, corporations fail to deliver on their promises to deliver jobs they touted when seeking subsidies.

²⁶ Andrea J. Ritchie and Black Lives Matter Chicago, *Epicenter Chicago: Reclaiming a City from Neoliberalism*, Political Research Associates, 2019, available at: <https://www.politicalresearch.org/2019/06/05/epicenter-chicago-reclaiming-a-city-from-neoliberalism>

²⁷ Badger, Emily. "In the End, Amazon Didn't Win Its Own Subsidy Game." *New York Times*, 14 Feb 2019. <https://www.nytimes.com/2019/02/14/upshot/ama-zon-foxconn-subsidies-critics.html>



PLAY: CALL FOR AUDITS OF ALL PAST CORPORATE INCENTIVE DEALS

Call for audits of all past corporate incentive deals to determine whether the corporations delivered on their promises.²⁸ If they haven't, call on cities to claw back the money they gave away.

For example, Boeing received \$63 million in state and local tax incentives in 2001 to bring 500 jobs to Chicago—\$126,000 per job—but a 2008 study found that, “there was, in fact, no evidence of local job creation associated with the Boeing relocation to Midway and the multiplier effect—the creation of additional jobs and income as spending from the Boeing headquarters rippled through the economy—was not significant.”²⁹ Corporations like Boeing that did not live up to their promises should be forced to give the money back to the cities and states they received subsidies from.

North Carolina requires a recapture of subsidy funds when companies breach their agreements, including when they:³⁰

- Create fewer jobs than specified in the agreement;
- Make a lower capital investment than specified in the agreement;
- Fail to maintain operations at a specified level for a period of time specified in the agreement.

Clawbacks allow residents to make sure their investments in development subsidies pay off in the form of real public benefits, and allow governments to recoup their money if they do not. In 2009, Dell closed its assembly plant in Winston-Salem and laid off 900 workers, opting to outsource U.S. production to contractors. North Carolina had given the corporation a subsidy package of \$280 million to attract Dell to build its assembly plant in 2004 through a mix of local and state grants, lump sum grants, and tax credits. Ultimately, the state of North Carolina ensured that Dell repaid \$26 million in local subsidies and a \$1.5 million state grant.³¹



PLAY: ABOLISH TAX INCREMENT FINANCING DISTRICTS

TIF districts take tax dollars from increased property tax revenue away from our budgets and use it to pay corporations and real estate developers. For instance, in Chicago \$2.7 billion dollars in property taxes skimmed off city revenue were used to

28 Bhatti, Saqib and Alyx Goodwin. “A World Class City: A Financial Blueprint for the City that Chicagoans Deserve.” *Action Center on Race and the Economy*, Feb 2019.

29 Bhatti, Saqib and Alyx Goodwin. “A World Class City: A Financial Blueprint for the City that Chicagoans Deserve.” *Action Center on Race and the Economy*, Feb 2019. <https://acrecampaigns.org/wp-content/uploads/2020/04/AWorldClassCity-Feb2019.pdf>

30 Alston, Brittany. High-Road Development: Building Prosperity for Workers and the District. DC Fiscal Policy Institute, 2 July 2018. <https://www.dcfpi.org/all/high-road-development-building-prosperity-for-workers-and-the-district/>

31 Alston, Brittany. High-Road Development: Building Prosperity for Workers and the District. DC Fiscal Policy Institute, 2 July 2018. <https://www.dcfpi.org/all/high-road-development-building-prosperity-for-workers-and-the-district/>



UNDERSTANDING THE TIF³²

Tax Increment Financing is a public financing tool used to subsidize private and public development and infrastructure projects. Currently, Tax Increment Financing funds capture 12.5%, or over \$840 million, of Chicago's annual property tax revenues.

The theory behind the TIF rests on the assumption that development today will likely increase a city's property tax base in the future, therefore the city should use these anticipated increases in property tax revenues to fund renewal in advance.

A TIF district creates a development fund for a specific geographic area based on the property taxes generated within that TIF district. Once a TIF district is formed, the baseline property tax value — the Equalized Assessed Value (EAV) jurisdictions use to decide how much property tax to assess — for all of the properties in that TIF district is frozen for 23 years. When EAVs are frozen, any taxing jurisdiction — like the city, county, public schools — is only allowed to tax on the baseline EAV for the TIF duration. Any increase in property value resulting in new tax revenue above the baseline EAV is considered 'the increment' of property tax growth that is captured by TIF development accounts.

To illustrate how TIFs work, imagine Luis owns a warehouse in a newly formed TIF district. The Equalized Assessed Value of Luis' warehouse at the time the district was formed was established at \$100,000. The warehouse's EAV is frozen at \$100,000 for the 23 year life span of the new TIF district. Let's say that over the next 10 years, the property value of the warehouse increases to \$125,000. The \$25,000 above Luis' EAV is considered the increment of property value growth on which only the TIF fund can tax.

In other words, the municipality imposes its full tax levy on that \$125,000 but only gives the taxing jurisdictions revenues based on the frozen EAV of \$100,000. The property tax revenues generated from the \$25,000 increment go into the local TIF development fund. This is how incremental growth is captured and accumulated in a TIF account.

fund corporate, residential and public works projects in high income neighborhoods of Lincoln Yard and the South Loop.³³ The property tax revenue withheld from the general operating budget could have easily gone instead to communities that have experienced decades of divestment.

Tax increment finance (TIF) districts rely on trickle down economic development policies that fuel gentrification, displacement and policing. These development policies enrich real estate developers and other corporate actors, at the expense of low income communities and communities of color.

³² Based on: *The Case for Abolishing the Tax Increment Financing (TIF) Program*, A 33rd Ward Working Families Policy Brief, available at: https://www.workingfamilies33.org/wf33_policy_paper_abolish_tif

³³ Lutton, Linda. "Racial Equity Group Slams TIFs And Tax Subsidies For Lincoln Yards And The 78." *WBEZ Chicago*. February 19, 2021. <https://www.wbez.org/stories/racial-equity-group-slams-tifs-and-tax-subsidies-for-lincoln-yards-and-the-78/74a488b1-5787-474a-aec4-f31778249966>.

Abolishing TIF districts would include:

- banning the creation of new TIF districts or earmarks for projects;
- declaring a TIF surplus for all remaining unused funds and returning them to the general revenue pool;
- dissolving all TIF districts when they come up for renewal.³⁴

[Learn more about TIF districts here.](#)



GOAL: CANCEL WALL STREET AND FIGHT FOR PROGRESSIVE FINANCE

The municipal finance system in the United States is exploitative and extractive, by design. Wall Street dictates the interest and fees that local governments pay to finance municipal debt to cover expenditures to meet community needs. As a result, investment banks can exert a great deal of power over our municipal finance system by assessing different interest rates and fees, extracting much needed revenues from communities and determining how much money is spent on our public services.

In the aftermath of the recession of 2008, many cities and states were locked into egregious finance deals that forced them to pay high fees if they wanted to terminate the deals. Whether through high interest expenses or the termination fees, the cost of banking with Wall Street placed an irreparable strain on their public budgets.

In Baltimore,³⁵ for example, when the city was locked into toxic financing deals that they could no longer afford, the city shifted costs to water customers by increasing user fees for water. As a result, communities reeling from the recession faced massive shut offs because people could not afford to foot the city's bill to Wall Street. This led to a proposed water privatization attempt that community groups successfully defeated.

This is the power of finance in the hands of Wall Street. These stories are not unique: communities from Detroit to Puerto Rico have experienced the exploitation and cost of banking with Wall Street.³⁶

Progressive finance changes the rules so that we no longer depend on Wall Street banks to provide the financing needed to meet our communities pressing needs. Democratizing and socializing municipal finance enables us to kick Wall Street to the curb. Gutting this extractive system can shift our local, public finance systems into public ownership, and ensure our money is paying for the services low income communities and communities of color need most.

³⁴ Farmer, Stephanie. "The Case for Abolishing the Tax Increment Financing (TIF) Program." 33rd Ward Working Families - *United Working Families*. Accessed May 13, 2021, https://www.workingfamilies33.org/wf33_policy_paper_abolish_tif.

³⁵ Sloan, Carrie. "How Wall Street Caused a Water Crisis in America's Cities." *The Nation*. 11 March 2016, <https://www.thenation.com/article/archive/how-wall-street-caused-a-water-crisis-in-americas-cities/>.

³⁶ Bhatti, Saqib, and Carrie Sloan. "Puerto Rican Debt Crisis: Broken Promises." Action Center on Race and the Economy, 6 Aug. 2017, acrecampaigns.org/campaigns_programs/puerto-rican-debt-crisis.



PLAY: FIGHT FOR PUBLIC BANKS

Public banking removes financial institutions from our cities' financial equation and curtails the power Wall Street has over public budgets. Public banks ensure local lending and money creation is used for [reparative public goods](#) and community programs instead of profit. Currently states like New York, Washington, Oregon, and multiple cities such as New York City, San Francisco and Philadelphia have active public bank campaigns and legislation.³⁷

We need to make sure public banks have a specific mission to finance projects for the public good and are democratically controlled through an appointment process that mandates appointments based on geography, class and race. If not, even a public bank could invest in policing, prisons, and extractive industries, rather than strengthening services and industries that push communities forward. For example, the North Dakota Public Bank lent \$10 million to local law enforcement responsible for brutalizing protesters at the 2016 Standing Rock uprising.³⁸

Public Bank LA

Public Bank LA is a big tent coalition of progressive labor unions, housing and environmental justice groups to make sure they are [passing public bank](#) legislation that is controlled by the people.³⁹

To learn more about Public Bank Campaigns locally and nationally, please check out:

- [Public Bank LA](#)
- [Philadelphia Public Bank Coalition](#)
- [National Public Banking Alliance](#)



PLAY: FIGHT FOR PUBLIC BANKS

The municipal finance system in the United States is irreparably broken by design. The big Wall Street banks that underwrite most municipal bonds have outsized power to set the terms of bond deals, and they typically do so in a manner that guarantees profits for themselves and for bondholders, at taxpayers' expense. State and local governments pay a whopping \$160 billion in interest payments on debt every year. We need to eliminate these interest payments, which transfer more than \$160 billion every year from taxpayers to wealthy investors and banks on Wall Street.⁴⁰

37 Perry Abello, Oscar. "Three States and Two Cities Are Getting Serious About Public Banking." *Next City*, 4 Feb. 2021, nextcity.org/daily/entry/three-states-and-two-cities-are-getting-serious-about-public-banking.

38 Brennan, Michael, and Macabe Keliher. "Public Banks." Democracy Policy Network, 2020, democracypolicy.network/the-agenda/policy-kit/public-banks.

39 Public Bank LA. "Home." Public Bank LA: The Peoples Bank, Public Bank LA, 2021, publicbankla.com

40 Bhatti, Saqib and Brittany Alston. "Cancel Wall Street." *Action Center on Race and the Economy*, November 2020, https://acrecampaigns.org/wp-content/uploads/2020/09/CancelWallStreet_4-Sep2020.pdf

This would be particularly beneficial for state and local governments that serve higher concentrations of people of color, who are more likely to have to pay higher interest rates than governments that serve whiter communities. By eliminating interest payments to Wall Street, our public officials would be able to invest that money back into community services and infrastructure.⁴¹

In order to do this, the Federal Reserve should offer state and local governments long-term, zero-cost loans to help state and local governments, not only through this period of recovery- but as a permanent, ongoing policy from this point forward. There is no reason for taxpayers to pay banks and bondholders a dollar in fees and interest for every dollar that they borrow when the nation's central bank could offer them loans directly without charging any fees or interest.⁴²

Our state and local elected officials need to band together and demand that both Wall Street banks and the Federal Reserve provide zero-interest loans to public sector borrowers. Collectively, that puts \$160 billion⁴³ back into our communities.

[#CancelWallStreet.](#)

[Learn more about the Cancel Wall Street Campaign here.](#)

41 Bhatti, Saqib and Brittany Alston. "Cancel Wall Street." Action Center on Race and the Economy, November 2020, https://acrecampaigns.org/wp-content/uploads/2020/09/CancelWallStreet_4-Sep2020.pdf

42 Bhatti, Saqib and Brittany Alston. "Cancel Wall Street." Action Center on Race and the Economy, November 2020, https://acrecampaigns.org/wp-content/uploads/2020/09/CancelWallStreet_4-Sep2020.pdf

43 Bhatti, Saqib and Brittany Alston. "Cancel Wall Street." Action Center on Race and the Economy, November 2020. https://acrecampaigns.org/wp-content/uploads/2020/09/CancelWallStreet_4-Sep2020.pdf



FINDING THE PLAYS THAT FIT YOUR FIGHT

Our demands to end regressive taxation, add progressive revenue generating strategies, and defund the police are inextricably linked. Historically marginalized and criminalized communities can move closer towards genuine and lasting safety with fully funded services. The table below illustrates that many of the revenue options to do this already exist.

Organizing to fight back against who may stand in our way:

The base that will move these campaigns and win these policies:

- Black, Indigenous, Latinx, and working class people of color, low- and no-income, under/unemployed people, and historically marginalized and criminalized communities have to be centered in our campaigns as we are the most deeply impacted by the wealthy and their profits.
- Defund organizers and progressive revenue/budget organizers and advocates.
- Multi-fight, multi-movement coalitions: at the root of all of our fights is a lack of resources and criminalization.

Political Education & Skill Building:

- Target political education to Black, Indigenous, Latinx, and working class people of color, low- and no-income, under/unemployed people, and historically marginalized and criminalized communities as we are most deeply impacted by massive wealth gains for the 1%. Potential topics include:
 - “Austerity & Policing”
 - “Militarization & Surveillance”
 - “The Nature and Inner Workings of Corporations and the Finance Industry”
 - “Cops & Capitalism” series to identify the

corporations contributing and enabling police:

1. [Police Brutality Bonds](#)
2. [Defund the Wealthy](#)
3. [Corporations, Police Foundations](#)
4. [How to Talk About Defunding the Police](#)
5. [Defundpolice.org](#)

Skill Building:

- [Budget How-To](#) — Find the police department budget and corporate looters that don't pay their fair share
- [Defundpolice.org/budgeting-tools/](#)
- [How to Take Back Your Budget](#)

Narrative Interventions:

- Corporations and the finance industry load individuals and municipalities up with debt, pulling money away from our public goods and services and fueling violent policing.
- To fully fund our communities we need to defund the police and tax the wealthy.

Organizing and Escalation:

- Use [LittleSis to build power maps](#): identify the corporations and ultra wealthy in your state, region, or city who are skipping out on paying their fair share of taxes, hold relationships with police and elected officials, and include them in your targets.
- Use a comprehensive or corporate campaign model that includes targeting corporations and the wealthy where and how they make their money — for example, shareholder meetings and letters, corporate headquarters and business locations, organizing workers, etc.
- Build a legislative strategy to move these policies and create systems of accountability for corporations, the wealthy, and police.

GOAL: FIGHT FOR WEALTH AND CORPORATE TAXES

POLICY	WHAT IS THE ISSUE	WHO MAY STAND IN YOUR WAY	POLICIES TO FIGHT BACK
Millionaire's Tax	The ultra wealthy do not pay their fair share in taxes.	Millionaires and other ultra wealthy residents	Introduce a millionaire's tax. EXAMPLE: <u>New Jersey</u> taxes income over \$1 million at 10.75%. ⁴⁴
A Surtax to Close the Carried Interest Loophole	The "carried interest" loophole allows hedge fund and private equity fund managers to claim part of what is really salary income as capital gains instead, and as a result pay about 20% in taxes instead of the 39.6% they otherwise would and should. ⁴⁵	Ultra wealthy residents and corporate players in the region like private equity and hedge fund managers, corporate aligned elected officials	Introduce a surtax on carried interest income of hedge fund and private equity managers ⁴⁶ EXAMPLES: <u>New York, New Jersey, Connecticut, Illinois, Maryland, California, Rhode Island, and Massachusetts and the District of Columbia</u>
Financial Transaction Tax	The finance industry brings in billions for itself without distributing much back into the communities where it may be headquartered or do business.	Banks, hedge fund and asset managers, etc.	Introduce a small tax applied every time a financial asset is sold. EXAMPLE: LaSalle Street Tax ⁴⁷ in Chicago—a tax on the financial transactions at the Chicago Board of Trade and Chicago Board Options Exchange—to generate revenue for both the city and the state
Enact a Digital Ad Tax	Advertising platforms like Google and Facebook make billions of dollars by giving advertisers access to the people that use their platforms. These platforms invade our privacy and surveil us in order to collect data they can use to let advertisers micro-target their ads to the people who are most likely to want their products. The same companies directly contribute technology to policing.	Amazon, Google, Facebook	Call for a tax that would require major advertising platforms to pay a small portion of their revenue (up to 10%) to the city every time that someone in that city is forced to look at an online ad on their platform.

44 Tharpe, Wesley. "New Jersey Budget Deal Advances Equity With Millionaires' Tax and More." *Center on Budget and Policy Priorities*. 7 October 2020. <https://www.cbpp.org/blog/new-jersey-budget-deal-advances-equity-with-millionaires-tax-and-more>

45 Marron, Donald. "Goldilocks Meets Private Equity: Taxing Carried Interest Just Right." Tax Policy Center, 6 October 2016. <https://www.taxpolicycenter.org/sites/default/files/alfresco/publication-pdfs/2000956-Goldilocks-Meets-Private-Equity-Taxing-Carried-Interest-Just-Right.pdf>

46 Hedge Clippers. Report No. 55: DC / MD / VA Billionaires & their Lucrative Loophole. Hedge Clippers. 23 March 2018, <https://hedgeclippers.org/report-no-55-dc-md-va-billionaires-their-lucrative-loophole/>

47 A LaSalle Street Tax to Meet Human Needs B FAQ." Chicago Political Economy Group. 2014. 1. https://d3n8a8pro7vhmx.cloudfront.net/ilgp/pages/91/attachments/original/1446489331/LaSalle_Street_Tax_to_Meet_Human_Needs_FAQ.1.1.pdf?1446489331

GOAL: END ECONOMIC DEVELOPMENT SUBSIDIES

POLICY	WHAT IS THE ISSUE	WHO MAY STAND IN YOUR WAY	POLICIES TO FIGHT BACK
End Economic Development Subsidies and Fight for Clawbacks	Economic development subsidies to attract corporate players to their cities. This type of corporate welfare uses our tax dollars to prop up corporations, instead of fully funding the services that we need most.	Local real estate developers, large corporations and employers in your community, corporate aligned elected officials	Clawbacks allow residents to make sure their investments in development subsidies pay off in the form of real public benefits and allow governments to recoup their money if they do not. EXAMPLE: North Carolina Governor Bev Perdue was involved to ensure Dell paid back a share of the incentive money it received. Ultimately, Dell repaid \$26 million in local subsidies and a \$1.5 million state grant. ⁴⁸
Abolish Tax Increment Financing Districts	A TIF district creates a development fund for a specific geographic area based on the property taxes generated within that TIF district. Once a TIF district is formed, the baseline property tax value — the Equalized Assessed Value (EAV) jurisdictions use to decide how much property tax to assess — for all of the properties in that TIF district is frozen for 23 years. When EAVs are frozen, any taxing jurisdiction receiving property taxes is only allowed to tax on the baseline EAV for the TIF duration. Any property value growth resulting in new tax revenue above the baseline EAV is considered ‘the increment’ of property tax growth that is captured by TIF development accounts. ⁴⁹	Local real estate developers, large corporations and employers in your community, chamber of commerce, corporate aligned elected officials	Abolish TIF districts.
PILOTs (Payment in Lieu of Taxes) for Mega NonProfits	Mega non profits use their IRS status at non exempt entities to avoid paying property taxes. For most local governments, property taxes are top generators of revenue for their public budgets and the revenue from these large institutions is much needed.	Large private universities and hospitals, corporate aligned elected officials	Institute PILOTs on your local large non-profit institutions.

48 Alston, Brittany. High-Road Development: Building Prosperity for Workers and the District. DC Fiscal Policy Institute, 2 July 2018. <https://www.dcfpi.org/all/high-road-development-building-prosperity-for-workers-and-the-district/>

49 The Case for Abolishing the Tax Increment Financing (TIF) Program, A 33rd Ward Working Families Policy Brief, available at: https://www.workingfamilies33.org/wf33_policy_paper_abolish_tif

GOAL: REFORM PROPERTY TAX STRUCTURES

POLICY	WHAT IS THE ISSUE	WHO MAY STAND IN YOUR WAY	POLICIES TO FIGHT BACK
Reforming Property Tax Structures	Property tax structures hurt low income households when they are applied as flat taxes across the board. This means no matter how lavish the property, the average community resident and the ultra rich pay the same tax rate on their properties. Property taxes are a major source of revenue for public services, specifically school districts.	Local real estate developers, large corporations with physical locations in your community, corporate aligned elected officials	Institute a Real Estate Transfer Tax or add a mansion tax onto the local or state property tax system. ⁵⁰ EXAMPLE: 39 states have RETT or statewide transfer tax

GOAL: REDUCE REGRESSIVE REVENUE & EXPENSES

POLICY	WHAT IS THE ISSUE	WHO MAY STAND IN YOUR WAY	POLICIES TO FIGHT BACK
Defund the Police	Bloated police budgets contribute to a lack of funding for public goods and services, as well as empower police to act violently.	Police departments, pro-police politicians	Advocate for police layoffs; cut police contracts for tech, equipment, and police services for special events and schools; use funds to instead fund and bolster violence prevention and social safety nets. EXAMPLES: Oakland eliminated police officers in schools; Austin cut around \$100 M from police funding and reinvested into a number of crisis intervention services, jobs, food access, and more.
Cancel or Lower Fines and Fees	Fines and fees are a form of regressive revenue that targets Black, Latinx, POC, poor, and historically criminalized	City council, mayor, local agencies or departments reliant on fines and fees, police department, fraternal order of police, district attorney	Enact Failure to Pay laws that prohibit drivers license suspension for fines and fees debt; void all court-related debt EXAMPLES: Illinois and 16 other states enacted Failure to Pay laws; Los Angeles County discharged juvenile detention fees.

50 Leachman, Michael and Sam Waxman. "State "Mansion Taxes" on Very Expensive Homes". *Center on Budget and Policy Priorities*, 1 Oct 2019.

GOAL: CANCEL WALL STREET

POLICY	WHAT IS THE ISSUE	WHO MAY STAND IN YOUR WAY	POLICIES TO FIGHT BACK
<p>Cancel Wall Street and fight for progressive revenue</p>	<p>Wall Street has overwhelmed our municipal finance system, and banks have a great deal of power in determining how much money is spent on our public services. Wall Street dictates the fees that local governments pay on our financing deals. Wall Street dictates the interest we pay on our debt. And our communities are left underfunded and underserved as a result.</p>	<p>Wall Street Banks, Chamber of Commerce and Supporters, Treasurers, Corporate Aligned Elected Officials</p>	<p>Introduce a resolution at the local level that calls on the Federal Reserve to make zero-cost loans to municipalities, and for Big Banks to cancel debt repayment.</p> <p>EXAMPLES: Los Angeles, Philadelphia</p>



PAY YOUR FAIR SHARE QUIZ

Use this quiz to test your understanding of the different tax options shared above.

- 1. Dave makes \$25,000 per year and pays 6% of their income in taxes. Janet makes \$375,000 a year and also pays 6% in taxes. Is this a fair share tax?**
A) Yes
B) No
- 2. A large corporation with 1200 employees plans to locate in Cloud City and has requested an exemption from paying property taxes. Is this a progressive or regressive form of economic development?**
A) Progressive
B) Regressive
- 3. A city council member is proposing a new tax that taxes the wages of all workers the same. How can you fight to make this tax more progressive?**
A) Propose a tax rate that increases with the workers' income and potentially exempts incomes below a certain amount
B) Propose a tax rate that exempts the wealthiest residents
C) This is a progressive tax, as is.
- 4. Organizers are exploring ways to raise more money for schools. A community stakeholder suggests increasing the amount of parking tickets to bring in new revenue. Is this proposal progressive or regressive?**
A) Progressive
B) Regressive
- 5. A mega corporation has partnered with conservative elected officials to push for a series of tax cuts for wealthy corporations in your city. Who can you list as bad actors, as you organize community members?**
A) Conservative elected officials
B) The mega corporation
C) All of the above

ANSWER KEY

1. B. No, progressive revenue options tax people according to their income. The ultra rich and low income residents should not pay the same percentage of their income in taxes.
2. B. In many communities, property taxes are a large source of revenue for schools and other public services. When large corporations don't pay their fair share in taxes, our community needs and public services suffer.
3. A.
4. B. Fines and Fees disproportionately impact low income communities and communities of color. Progressive forms of revenue turn to the wealthy and corporations to pay their fair share.
5. C. As you organize, map out all of the people who have power in your community- your allies and opponents. Once you see who the bad actors are, hit the streets with the news!

PUTTING THE PLAYS INTO ACTION: TOP 3 ORGANIZING TIPS

Our movement is strong and these fights are necessary.

We hope that this playbook serves as a guide to develop your campaigns and connect the demands that move decision makers closer towards building democratically developed moral budgets. Here are some tips for the work:

These fights will be a challenge, we are shifting power away from the status quo and into our communities.



IDENTIFY THE DECISION MAKERS.

Who are the key power brokers in your community who are for you and against you?

Not only do you need to know them, you need to know how to move them. Elected officials, policy advocates, organizers and impacted community members are all integral parts to building a winning strategy. Work with your team to map out your supporters and your detractors. Don't forget that this is a living document and should change as you build power throughout your campaign.

POWER MAP



2

STATE YOUR VALUES AND STICK TO THEM!

As campaigns develop we build coalitions to win. Everyone does not come in with the same analysis, but it is necessary to articulate a shared set of values and stick to them as compromises are made. Choosing to only support policies that are in line with your values keep you accountable to your base and your mission.

The values guiding the People's Coalition for Safety and Freedom which aims to repeal the 1994 Crime Bill can serve as a model:

- Communities closest to the problem should be key in determining solutions
- Acknowledge and repair past harm with proactive policies
- Advocate for a shift in power from harmful and punitive systems into community accountable and controlled alternatives
- Avoid policies that promote hurtful narratives and false dichotomies
- Reject policies that invest additional money into policing, incarceration or surveillance

3

DEFINE THE WIN.

We are working to create a major shift not only in policy decisions but also who makes them. Our victories will involve concrete legislation AND narrative shifts which can be harder to measure. Set realistic benchmarks, celebrate your wins and know that these are long term fights.

APPENDIX A

ARRPA

FACT SHEET



Communities
Transforming
Policing
Fund



COMMUNITY
RESOURCE HUB



ENSURING FEDERAL STIMULUS FUNDS SUPPORT COMMUNITIES, NOT COPS

THE AMERICAN RESCUE PLAN ACT (ARPA)

signed into law by President Biden on March 11, 2021 provides \$1.9 trillion in economic relief through direct payments (stimulus checks to individuals), expanded child tax credits and unemployment benefits, small business loans, and aid to local and state governments.

ARPA allocates \$350 billion in aid for state and local governments in addition to the aid previously allocated under prior coronavirus relief efforts (the CARES Act and the Coronavirus Response and Relief Supplemental Appropriations Act). Unlike funds awarded under these two previous bills, ARPA funding to states and cities is largely unrestricted.

Pandemic-related funding to cities and states should be used to support individuals and communities who have been devastated by the coronavirus pandemic and the economic, housing, and health care crisis it precipitated—Black, Indigenous, disabled, and migrant communities; workers in health care, service, and other disproportionately impacted sectors, including workers in informal and gig economies.

These funds should NOT be used to fill police department coffers or reward individual cops and prison and jail guards who have systematically harmed these very same communities—including through discriminatory enforcement of pandemic-related public health orders and refusing to protect or release incarcerated people during the pandemic.

HOW CAN AMERICAN RESCUE PLAN ACT FUNDS BE USED?



DIRECT AID &
PREMIUM PAY



GOVERNMENT
SERVICES



INVESTMENTS
IN UTILITIES

ARPA FUNDS ARE DESIGNATED* FOR:

- Responding to the economic impacts of the COVID-19 pandemic, including through aid to:
 - households,
 - small businesses,
 - nonprofits, and
 - industries such as tourism and hospitality.
- Providing “premium pay” to essential workers or grants to their employers up to \$13 per hour or \$25,000 per worker over and above their regular wage;
- Providing government services affected by revenue shortfalls due to COVID-19; and/or
- Making necessary investments in water, sewer and broadband infrastructure.**

[*] In order to receive ARPA funds, both state and local governments must submit a certification from the governor or other authorized officer of the state attesting that the state, or local government, needs federal assistance for these purposes to the Department of Treasury.

[**] Legislative analysis of the American Rescue Plan by Holland & Knight, available online: <https://www.hklaw.com/en/insights/publications/2021/03/american-rescue-plan-act-of-2021-summary>

HOW MUCH IS THE FUNDING?

COUNTIES
\$198
PER RESIDENT

CITIES
\$200–
\$300
PER RESIDENT

SMALLER CITIES
\$240
PER RESIDENT

- Counties will receive \$198 per resident;
- Cities with more than 50,000 residents will receive an average of \$200 to \$300 per resident (the funding formula for this category takes into account city need);
- Cities with fewer than 50,000 residents will receive approximately \$240 per resident.

→ For comparison, in a typical year, the federal government disburses about \$250 per resident in aid to all local governments serving that resident (e.g., city, county), not including federal pass-through education aid. ARPA aid more than doubles that amount.***

To find out how much your city will receive, check the table at the end of this fact sheet — if your city is not there, you can find aid estimates for 20,000+ local governments in a searchable database created by Civilytics using these links for [City Aid Estimates](#) and [County Aid Estimates](#).

WHEN WILL THE FUNDS COME?

HALF THE FUNDS WILL BE PAID BY MAY 10TH.

The other half will be paid no sooner than 12 months later (May 10, 2022).

NO COVID-19 SUPPORT MONEY FOR COPS!

The following demands relating to the America Rescue Plan Act (ARPA) and CARES Act funding were developed by the Community Resource Hub [COVID-19 Policing Project](#) in consultation with project partners.



CARES ACT FUNDS SHOULD BE USED FOR

Cities and states must provide a full public accounting of how CARES Act funds were spent, including a **detailed accounting of all funds provided to law enforcement.**

Any remaining CARES Act funds **should be used to:**

- Provide personal protective equipment (PPE) to all health care, essential, and service workers;
- Provide for quality health care, vaccination, and medical release for people incarcerated in state and local facilities and immigration detention;
- Provide for public health education through community-based credible messengers;
- Provide for equitable, widespread vaccine distribution with a focus on disproportionately impacted communities;
- Provide no-cost face masks for all individuals using public transportation in accordance with the federal mask mandate.



ANY REMAINING CARES ACT FUNDS SHOULD NOT BE USED FOR

- Surveillance technology, military or law enforcement equipment;
- COVID-19 policing units;
- Police overtime coverage;
- General police department, prosecutor, court or jail budgets.



ARPA FUNDS SHOULD BE USED FOR

States and municipalities should engage in public participatory budgeting processes to determine how ARPA funds should be spent.

When allocating ARPA funds, the following direct supports to people and communities devastated by the coronavirus and economic crisis should be prioritized:

- Housing assistance, rent and mortgage cancellation or deferment;
- Long-term eviction moratoriums to address the looming and potentially deadly and devastating eviction and foreclosure crisis;
- Permanent, quality, accessible housing for all unhoused people;
- Direct cash assistance and income support for unemployed and underemployed people, including undocumented people, disabled people and caretakers;
- Summer youth employment, educational, and recreational programs;
- Equitable, widespread vaccine distribution with a focus on disproportionately impacted communities;
- Health care, vaccination, and medical release for incarcerated people;
- Non-profit and mutual aid programs—note **that the ARPA specifically provides that the funds can be disbursed to provide assistance through non-profits;**
- Resources for teachers and students to ensure safe, enriching, and supportive educational experiences during the pandemic, including appropriate and consensual mental health services as students return to in-person learning;
- Evidence-based violence interruption programs that do NOT involve law enforcement;
- Violence prevention and interruption through quality, accessible, and universal housing, health care, youth programs, education, employment, cash assistance, and income support;
- Safe, accessible, and ecologically sound transportation infrastructure;
- Library expansion and creation and maintenance of public spaces;
- Arts sector relief funding;
- Free universal high-speed broadband for everyone.



ARPA FUNDS SHOULD NOT BE USED FOR

- **Police, prosecutors, and jail and prison guards should be excluded from any bonuses, income support, “premium payments” or wage supplements offered through ARPA funds;**
- **No ARPA funds should be used for police or correctional staff bonuses, overtime, recruit classes, equipment, or pensions;**
- States and municipalities should not apply to the Public Benefit Guaranty Corporation for aid under the ARPA to cover shortfalls in police pension funds;
- No ARPA funding should be used to train police in mental health crisis response—these funds should go directly to accessible, voluntary, harm reduction based community mental health prevention and treatment services;
- No ARPA funding should be used to conduct sweeps of encampments of unhoused residents in direct violation of Centers for Disease Control guidance. Funding should be directed to long-term, quality, accessible housing for unhoused people;
- States and municipalities should not apply to FEMA’s Disaster Relief Fund for funding for police departments (including transit police and school resource officers), prosecutor’s offices, jails, prisons or any place of detention.

APPENDIX B

MOVEMENT FOR BLACK LIVES' VISION FOR BLACK LIVES DEMAND: RESTRUCTURE TAX CODES

A VISION FOR BLACK LIVES

POLICY DEMANDS FOR BLACK POWER, FREEDOM, & JUSTICE

Restructure Tax Codes



M4BL

THE MOVEMENT
FOR BLACK LIVES



RESTRUCTURE TAX CODES

ACTION: A PROGRESSIVE RESTRUCTURING OF ALL TAX CODES AT THE LOCAL, STATE, AND FEDERAL LEVELS TO ENSURE A RADICAL AND SUSTAINABLE DISTRIBUTION OF WEALTH AND CHECK ON CORPORATE POWER

THE ISSUE:

The current taxation system exacerbates economic and racial disparities rather than generating sufficient revenue to be redistributed for the common good. Billionaires and corporations benefit from subsidies and tax breaks to accumulate wealth while avoiding taxation. Meanwhile low-income people and communities, who are disproportionately Black, are targeted for higher taxes and more aggressive enforcement of tax codes. Funding for public programs and infrastructure is slashed under the pretext of revenue shortfalls, while policymakers refuse to raise taxes and impose fees and fines disproportionately borne by Black and low-income communities to generate revenue instead.

THE DEMAND:

The tax code must be radically restructured at all levels of government, and enforcement efforts must focus on corporations, wealth transfers, and high income earners.





WHAT IS THE PROBLEM?

REGRESSIVE TAXATION

The U.S. tax system is concentrating wealth in ways that reinforce and expand existing structural and racial economic disparities, rather than generating and redistributing collective resources for the collective good.

Billionaires and corporations largely avoid paying taxes on wealth they accumulate - for instance, according to the Institution on Taxation and Economic Policy, Amazon paid no taxes on billions in profits in 2018. Amazon is not alone, as many corporations extracting high profits pay low effective tax rates while receiving the benefit of public dollars in many forms, including subsidies and tax rebates. They are also able to pay workers rock bottom wages, increasing their profits, thanks to public benefits paid to low-wage employees to supplement their earnings.

At the same time, low-income people and communities are aggressively taxed and targeted for enforcement of actual (often unintended) or perceived violations of tax codes, and funding for public programs and infrastructure is slashed by policymakers who claim there isn't enough revenue while refusing to raise taxes.

The federal government and a growing number of jurisdictions are moving away from progressive taxation - taxing people based on based on income, property, capital gains (wealth accumulated through the stock market), inheritance of wealth, and purchases of luxury items - and toward regressive taxation methods that disproportionately extract revenue from low-income people - such as increased sales taxes, privatization of public services, and imposition of user fees to maintain barebones public infrastructure while offering minimal social support. Black and low-income communities are also subject to discriminatory enforcement of offenses that carry civil and criminal fines and fees - from parking tickets to traffic offenses to building code violations.

As a result, low and middle income people are being forced to pay more to purchase goods to meet basic needs, and for public services like trash collection, access to water, sewage, and public property maintenance. At the same time as the tax burden on low-income people and communities increases, they are receiving fewer services and are increasingly navigating decaying infrastructure and a gutted social safety net.




LACK OF TRANSPARENCY

There is generally a lack of transparency at all levels of government about the ways in which taxation policies and practices - and tax evasion by the wealthy - contribute to lost tax revenue and exacerbate racial and economic injustice. There is also limited data about the racial demographic breakdown of who pays - and doesn't pay - taxes.

RACIAL AND ECONOMIC DISPARITIES

The information we do have indicates that, as with most injustices in our economic and political systems, our current taxation system disproportionately impacts Black people. Across the country, low-income people, who are disproportionately Black, Indigenous, and other people of color, pay proportionally more in state and local taxes than the wealthy, and are subject to discriminatory enforcement of tax codes. For example,

- ◆ According to a study on the Tax Cut and Jobs Act conducted by Prosperity Now and the Institute on Taxation and Economic Policy, in 2018 white households benefited from an average tax cut of \$2,020, while Black households received an average tax cut of only \$840.

- ◆ In the ten states with the most regressive tax structures, the fifth of the population with the lowest income pays up to seven times as much in state and local taxes and fees (as a percentage of income) than the wealthiest residents.
 - ◆ The IRS enforces tax codes inequitably, auditing people much more heavily in high-poverty areas of the country. The five counties with the highest audit rates are predominantly Black and rural counties in the southern region of the United States.
- 



- ❖ Because the IRS disproportionately focuses its audit efforts on the Earned Income Tax Credit (EITC) (a credit primarily for lower-income households) the bulk of the agency's resources are used to audit lower income individuals and households. Meanwhile, wealthy individuals are responsible for \$175 billion in lost taxes every year through complex tax evasion schemes.
- ❖ Currently, tax officials have discretion to decide whether to pursue civil or criminal penalties for violations of tax codes - and often use criminal provisions to target Black people, including Black political leaders.
- ❖ Tax breaks for homeowners, retirement savings, education savings, employer-sponsored health insurance, health savings, and capital gains contribute to widening the growing wealth gap between white and Black households: the average white family now owns over 7.5 times as much wealth as the average Black family. For instance, Black people have far lower median income and lower levels of homeownership than other demographic groups. As a result Black people benefit less from things like tax retirement advantage accounts, long term capital gains taxes on assets like stocks and bonds, and mortgage interest deductions.

As the wealthiest U.S. residents and powerful corporations continue to evade taxes, many public services, programs and initiatives that could increase racial and economic justice go underfunded or unfunded. States are shifting the cost of public services onto low-income residents and criminalized communities through fines and fees, or cutting them altogether, with devastating impacts. Many municipalities with majority Black populations have increased public school class sizes, shortened school days, closed vital city offices, reduced public transportation, decreased affordable housing assistance, cut essential health care programs and necessary supports for disabled people, eliminated public sector jobs, and exposed communities to public health and environmental hazards by cutting spending on water and physical infrastructure and privatizing public utilities.



THE DEMAND

WE DEMAND:

The Movement for Black Lives is calling for a radical restructuring and equitable enforcement of tax codes. Specifically, we are calling on federal, state and local governments to:

SUBSTITUTE PRIVATE SURVEILLANCE

- ❖ Collect and make public race and gender-based tax data critical to developing a tax code that will mitigate the impact of the law and IRS policies on Black people. Collecting and sharing this information will enable policymakers and the public to see who benefits from current disparities in tax laws and enforcement, and who is disproportionately benefitting from IRS tax breaks and loopholes.

FOCUS TAX CODE ENFORCEMENT ON HIGH INCOME AND CORPORATE TAXPAYERS

- ❖ Deprioritize audits of people claiming the Earned Income Tax Credit (EITC) and reduce penalties for violations of EITC-related regulations.
- ❖ Build and use capacity to audit high income taxpayers and large corporations primarily responsible for lost tax revenue.
- ❖ Enforce the tax code through civil enforcement mechanisms and repeal criminal provisions of tax codes.
- ❖ Direct tax judgments into programs serving low-income people.

RADICALLY RESTRUCTURE TAX CODES

Radically restructure federal, state and local tax codes to implement progressive taxation by:

- ❖ Eliminating all corporate loopholes and raising corporate income tax rates on large corporations. Under the Trump administration, the corporate tax rate was reduced to 21%. Raising the corporate tax rate and closing corporate tax loopholes will not only lead to a dramatic increase in desperately needed public resources, it will also check the political power of the wealthy.
- ❖ Creating a lobbying tax;
- ❖ Make federal income taxes more progressive by creating more tax brackets and substantially increasing the marginal tax rate (the increased tax rate paid for each additional dollar of income - there are currently seven different tax rates based on income) for the top 1% of income earners, thus producing a wider spread in rates between the lowest and highest brackets. The effective tax rate for the top 1% of the population in terms of income has been reduced from 90% in the 1960s to around 20% of total income currently.



- ❖ Removing income caps on payroll taxes that fund Social Security and unemployment insurance, similar to removal of caps on taxes on Medicare. Currently only earnings up to a maximum of \$142,800 are taxed by Social Security payroll taxes. This taxable maximum rises each year by an amount equivalent to average wage increases. But because the earnings of those above the cap have tended to rise much faster than average earnings in recent decades (a sign of rising inequality), the share of total earnings subject to the Social Security tax has fallen. Removing the income caps ensures that higher incomes are adequately taxed, and can help stem growing income inequality.

- ❖ **Imposing an excise tax (a tax on the sale of goods) on gun manufacturers, oil and gas companies, and other corporations engaged in harmful activities;**
- ❖ **Increasing taxes on wealth by increasing taxes on capital (growth in the value of investments, like real estate and stock market earnings) to the point where they are higher than taxes on labor, as wealth inequality is greater than income inequality. Specifically, jurisdictions should:**
 - **Impose a wealth tax of 2% on every dollar on households earning above \$50 million and 3% on every household earning above \$1 billion;**
 - **Tax capital gains (earnings from investments and stocks) as income, eliminate capital gains tax breaks, raise taxes on financial transactions, and apply the capital gains tax on both realized and unrealized gains (i.e. whether someone actually sells something of value or not). This would ensure that high-income households are paying the taxes they owe on their increasing wealth and close tax loopholes.**
 - **Create a tax on property transfers that discourages speculation.**
 - **Assess and eliminate tax exemptions such as mortgage reduction for homes sold above a specified price threshold, health insurance exemption, investment-based retirement accounts, etc., and instead support wealth-building by households who don't yet hold such assets.**
 - **Increase estate tax and inheritance taxes;**
 - **Impose an exit tax on individuals who renounce citizenship or use dual citizenship to escape taxation;**
 - **Make low-wage employers pay a penalty or a payroll tax rate proportional to wage disparity. In other words, employers should be incentivized to pay workers above minimum wage and taxed on the difference between the wages of the highest paid employees and lowest paid employees.**
 - **Create disincentives to employers contracting work out, including by ending the pass-through deduction.**

REDEFINE FAMILIES AND DEPENDENTS


- ❖ Redefine family and dependency to account for all family formations, including queer families. Allow all families to file taxes together if they're a financial unit, regardless of how they are legally related, and allow all parents to claim their children as dependents and qualify for child-related tax credits, even if they are not legally recognized as "parents."

ENSURE THE TAX CODE PROMOTES GENDER AND REPRODUCTIVE JUSTICE

- ❖ Expand and engage in public education around tax deductions for gender-based transition-related medical health expenses, deductions for abortion and other reproductive health expenses, and the adoption credit.

HOW DOES THIS SOLUTION ADDRESS THE SPECIFIC NEEDS OF SOME OF THE MOST MARGINALIZED BLACK PEOPLE?

- ❖ These solutions will particularly benefit the lowest income and lowest wealth individuals and families, who are disproportionately single Black women with and without children and Black queer and trans people, by both increasing income and improving access to public services funded through tax dollars.
- ❖ A more equitable, redistributive tax policy will help reduce the racial wealth and income gap and create better funded municipalities and states, enabling them to provide better services.



**THE NATIONAL WOMEN'S
LAW CENTER DEFINES
THE PRINCIPLES OF TAX
JUSTICE AS FOLLOWS:**

**THE TAX CODE SHOULD
BE:**

SUFFICIENT

Raising enough revenue to support national needs and equitable investments in priorities such as physical and social infrastructure, including education, health care, caregiving, and the environment.

JUST

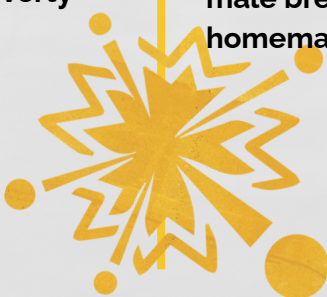
Consistent with its historic and well-established redistributive role, reducing inequality overall and acting as a check on extreme wealth and the concentration of political and economic power that undermines our democracy, rather than rewarding and incentivizing behaviors by wealthy individuals and corporations that exacerbate poverty and inequality.

EQUITABLE

Supporting economic security and opportunity for all, but with particular attention to reducing rather than exacerbating historical and current inequities for marginalized communities and families, including women, people with low incomes, people of color, immigrants, LGBTQ people, and people with disabilities.

INCLUSIVE

Recognizing workers and families as they exist in reality, not based on embedded gender and racial biases and assumptions that typical families consist of – or should consist of – a married male breadwinner and female homemaker and their children.



SIMPLE

Making it easy for everyday taxpayers to comply with the tax code without the assistance of paid tax preparers, and minimizing administrative costs and burdens, especially for low- and moderate-income families.

FAIRLY ENFORCED

Funding adequately the Internal Revenue Service (IRS), instituting robust third-party reporting requirements for business and investment transactions, and better supporting and targeting enforcement to ensure that low-income tax filers do not bear a disproportionate risk of audits and enforcement actions compared to higher income tax filers.

TRANSPARENT

Enabling the public to easily understand the impact of tax policies on families, women, people of color, and other historically disadvantaged groups, while also providing the public, researchers, and advocates the ability to measure and analyze tax policy and its effects, especially through improved data collection, analysis, and appropriate publication.

**Credit From: TAX JUSTICE IS
GENDER JUSTICE:
Advancing Gender and Racial Equity
by Harnessing the Power of the U.S.
Tax Code.**





FEDERAL ACTION:

CONGRESS SHOULD:

- ❖ Create a federal working group or commission to propose a wholesale overhaul of tax policy to increase racial and economic equity through a participatory process;
- ❖ Develop and pass omnibus tax reform legislation in accordance with racial and economic equity goals;
- ❖ Raise corporate income taxes and end tax deferral for multinational corporations' foreign income. Corporate tax rate should be returned to 35% in the near term, with a phase-in process for returning to the corporate tax rate for large corporations to 1968 levels or 50%.
- ❖ Institute a lobbying tax on companies that spend over \$500,000 on lobbying, starting at 35% of total lobbying expenditures and graduating to 75% for firms that spend over \$5 million.
- ❖ Raise marginal tax rates for high income earners - specifically the top 1% of income earners - to 50% and then gradually up to 80% to 90%.
- ❖ Remove income caps on payroll taxes.
- ❖ Eliminate tax breaks and impose an excise tax on gun manufacturers, oil and gas companies, and other corporations engaged in harmful activities.
- ❖ Allow all families to file taxes together if they're a financial unit, regardless of how they are legally related, and allow all parents to claim their children as dependents and qualify for child-related tax credits, even if they are not legally recognized as "parents."



FEDERAL ACTION:

- ❖ **Make permanent and expanding the American Rescue Plan Act's expansion of the Child and Dependent Care Tax Credit and the Earned Income Tax Credit (EITC) for low income workers not raising children, including non-custodial parents and childless adults, to reach every child on a monthly basis without regard to their immigration status, thereby reducing taxes owed by low-income earners. In addition, jurisdictions should work toward providing universal quality, accessible, and free childcare, dependent care, and care for disabled people.**

- ❖ **Make the federal tax code more progressive by:**
 - **Imposing a wealth tax of 2% on every dollar on households earning above \$50 million and 3% on every household earning above \$1 billion;**

 - **Assessing a 10-percentage-point surtax on adjusted gross income (AGI) in excess of \$1 million for single filers and \$2 million for joint filers. This surtax would apply to both income from work and income from wealth.**

 - **Taxing capital gains as income and applying the capital gains tax on both realized and unrealized gains;**

 - **Creating a tax on property transfers such as a taxable penalty on the full value of the property at original purchase or sale, whichever is higher, for non-owner occupied properties which change hands in less than 5 years.**

 - **Assessing and eliminating tax exemptions such as mortgage reduction for homes sold above a specified price threshold, health insurance exemption, investment-based retirement accounts, etc., and instead support wealth-building by households who don't yet hold such assets.**



FEDERAL ACTION:

- Increasing estate tax and inheritance taxes, and repeal “stepped up basis” provisions in federal tax law that allow individuals to avoid paying tax on the increase in value of assets over a person’s lifetime when passed on at death;
- Imposing a 50% exit tax for individuals with a net worth above \$5 million who renounce citizenship or use dual citizenship to escape taxation.
- Creating a financial transaction tax on trading stocks, bonds, derivatives and currencies, and signing treaties with countries housing major financial centers worldwide to do the same to discourage tax evasion.
- Closing loopholes, including those in the Net Investment Income tax, an additional tax on high-income households created by the Affordable Care Act, and the passthrough deduction established in the Trump tax law.
- Making low-wage employers pay a penalty or a payroll tax rate proportional to wage disparity.
- Creating disincentives to employers contracting work out, including by ending the pass-through deduction.
- ◆ Mandate the IRS to focus existing resources on enforcement for high-income taxpayers and corporations and on administering tax credits for families.
- ◆ Direct the IRS to enforce the tax code through civil enforcement mechanisms and repeal criminal provisions of tax codes.
- ◆ Direct tax judgments into programs serving low-income people.



FEDERAL ACTION:

THE IRS SHOULD:

- ❖ Collect and make public race-based tax data.
- ❖ Deprioritize audits of people claiming the Earned Income Tax Credit (EITC) and reduce penalties for violations of EITC-related regulations.
- ❖ Build and use capacity to audit high income and large corporations taxpayers primarily responsible for lost tax revenue. The IRS should raise the threshold of earnings defined as “high-income” from the current level of \$200,000 (individuals earning this amount tend to be wage-earners) to \$400,000 and above. This would ensure that more resources are directed to ensuring compliance of high income earners, rather than lower wage earners.



STATE ACTION:

EACH STATE SHOULD:

- ❖ Create a working group or commission to propose wholesale tax reform consistent with racial & economic equity goals through a participatory process, and create and implement appropriate legislation;
- ❖ Implement progressive income taxes and redistribute the revenue as needed to municipalities;
- ❖ Lift state income and corporate tax rate caps and eliminate corporate subsidies and giveaways on property taxes;
- ❖ Impose a "Real Estate Transfer Tax" (RETT), a tax levied at the point of sale of a property. Broadly utilized in states and municipalities, when progressively structured, RETTs generate significant revenue, particularly for higher value buildings.
- ❖ Implement tax base sharing (in which all of the municipalities in a given metropolitan area agree to share the tax proceeds from new development) to reduce inequality and prevent a race-to-the-bottom approach to local and regional economic development;
- ❖ Eliminate all corporate loopholes at state level, including single sales factor (which provides for taxation of corporate earnings in that state only, as opposed to the three factor approach, which taxes corporations based on their payroll, property and sales within the state);
- ❖ Reduce sales and gross receipts taxes and shift toward luxury taxes and taxes on extractive and polluting industries;
- ❖ Enact and expand Earned Income Tax Credits;
- ❖ Enact and expand child and dependent care tax credits;
- ❖ Collect and make public race-based tax data.



LOCAL ACTION

LOCAL JURISDICTIONS SHOULD:

- ❖ Ensure that property taxes and other local taxes are income sensitized;
- ❖ Decouple school funding from property taxes and impose a school funding system that is equitable in every jurisdiction;
- ❖ Impose a "Real Estate Transfer Tax" (RETT), a tax levied at the point of sale of a property. Broadly utilized in states and municipalities, when progressively structured, RETTs generate significant revenue, particularly for higher value buildings.
- ❖ Eliminate Tax Increment Financing (TIF), Business Improvement Districts (BID) and Opportunity Zones which allow use of public funds to subsidize economic development and public projects in underdeveloped areas. Many governments have created TIF districts in areas that are not underdeveloped or under resourced, and have also given public funds to private developers that would otherwise have sufficient capital for a development project. TIF abuse has led to calls to abolish TIF so that TIF dollars can go back into the general taxing bodies with the understanding that they can be used for things that benefit all residents;
- ❖ Implement progressive municipal income taxes that tax higher income earners at higher rates;
- ❖ Apply conservation pricing on utilities so lower-income households pay a lower rate and bulk or excessive users — such as commercial and industry — pay higher rates;



LOCAL ACTION

- ❖ Charge different rates of property tax for residential, second home, and commercial and industrial properties with higher rates for higher value land, such as a “mansion tax;”
- ❖ Impose an anti-speculation tax on property transfers;
- ❖ Institute “land value capture” or “valuation” policies that leverage land value as a source of revenues for community benefit;
- ❖ Provide fixed dollar exemptions rather than percentage-based exemptions and implement “circuit breakers” for property taxpayers below a certain income level. A percentage-based exemption provides the same percentage reduction in taxes for homeowners across the board therefore, it favors owners with higher-valued homes.
- ❖ Lower income households tend to have lower valued homes. A fixed or flat-dollar property tax exemption is a progressive structure because it reduces the property tax for homeowners but the percentage is a larger share of the home value for owners with lower-valued homes. Therefore, they see a higher reduction.
- ❖ Typically, large tax exempt institutions (e.g. hospitals, private universities, churches, museums, etc) forge Payment in Lieu of Taxes (PILOT) agreements with governments. PILOT agreements are agreements to make payments to compensate governments for some or all of the property tax revenue lost due to tax exempt ownership or use of real property. In other words, PILOT agreements help governments offset losses of revenue that could otherwise have been collected via property taxes. Mandate that large tax exempt institutions enter into Payment in Lieu of Taxes (PILOT) agreements in order to generate more revenue that can be used to benefit residents.



MODEL POLICY

❖ *A Path to TCJA Repeal*

RESOURCES

- ❖ Local Progress, *Progressive Policies for Raising Municipal Revenue*
- ❖ Institute on Taxation and Economic Policy, *Who Pays: A Distributional Analysis of the Tax Systems in All Fifty States*
- ❖ Institute on Taxation and Economic Policy, *Taxes and Racial Equity: An Overview of State and Local Policy Impacts*
- ❖ Center on Budget and Policy Priorities, *Advancing Racial Equity With State Tax Policy*
- ❖ Center on Budget and Policy Priorities, *How the Federal Tax Code Can Better Advance Racial Equity*
- ❖ National Women's Law Center, *Gender and the Tax Code*
- ❖ National Women's Law Center, *Tax Justice is Gender Justice*
- ❖ Social Justice Sexuality Project, *Intersecting Injustice: A National Call to Action Addressing LGBTQ Poverty and Economic Justice for All: A National Call to Action*

ORGANIZATIONS CURRENTLY WORKING ON POLICY

**ACTION CENTER ON
RACE AND THE
ECONOMY (ACRE)**

**CENTER ON BUDGET
AND POLICY
PRIORITIES**

**INSTITUTE ON
TAXATION AND
ECONOMIC POLICY
(ITEP)**

**LIBERATION IN A
GENERATION**

**NATIONAL WOMEN'S
LAW CENTER (NWLC)**

PROSPERITY NOW

THE INSIGHT CENTER

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RELATED BRIEFS

RIGHT TO EDUCATION

**END THE WAR ON
BLACK WOMEN**

A VISION FOR BLACK LIVES

POLICY DEMANDS FOR BLACK POWER, FREEDOM, & JUSTICE



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M4BL

**THE MOVEMENT
FOR BLACK LIVES**

APPENDIX C

INVEST IN OUR NEW YORK BILLS



INVEST IN OUR NEW YORK



HOUSING JUSTICE FOR ALL

EMPIRE STATE INDIVISIBLE



People in New York are hurting.

Working-class and poor, Black and brown people, people with disabilities and immigrants have borne the brunt of sickness and job loss:

- Over 1.4 million New Yorkers are facing eviction
- 60% of New Yorkers have lost income
- 1.2 million New Yorkers are uninsured
- 25% of NYC residents face food insecurity

Our communities were already underfunded before the pandemic — and now, the Governor is making our pain worse in towns and cities by slashing 20% in funding for healthcare, housing, accessibility and schools.

While we've been enduring this pain, New York's wealthiest have grown richer:

- New York's billionaires grew \$87.7 billion richer during the pandemic — to a total net worth well over \$600 billion
- The top 1% of New Yorkers have the lowest tax burden of any income bracket
- Governor Cuomo cut taxes on the wealthiest New Yorkers, corporations, banks, multi-millionaires' estates, yachts and private jets over the past decade

Governor Cuomo can stop budget cuts and protect the future of New York by ending tax breaks for the wealthiest New Yorkers and investing in our New York.

New Yorkers across the state are joining together to call on Governor Andrew Cuomo and our State Representatives to pass the *Invest In Our New York Act*.

WE DEMAND:

- **Raise \$50 billion in new revenue** by ending tax breaks for the wealthiest New Yorkers
- **Prevent cuts to public programs** and invest in high quality education, jobs, housing, accessibility and healthcare
- **Ensure revenue benefits the most vulnerable communities**, including low-income New Yorkers, communities of color, workers excluded from federal unemployment, people with disabilities and essential workers

We can take care of each other and rebuild our economy if we end tax breaks for the richest New Yorkers and raise \$50 billion to invest in our New York.



INVEST IN OUR NEW YORK

THE PLAN: PASS THE INVEST IN OUR NEW YORK ACT

The Invest in Our New York Act is a package of six state bills that raises \$50 billion to ensure we can take care of each other and rebuild our economy by ending tax breaks for the wealthiest New Yorkers. Here's how it works:

Tax High Incomes

Bill #1: Progressive Income Tax

[S2622](#), [A4604](#)

Creates an equitable tax system where New Yorkers pay a higher rate if they earn significantly more money.

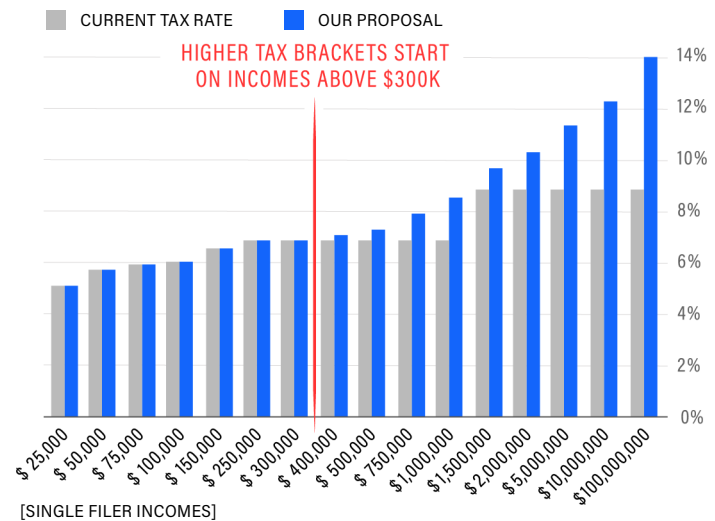
Raises: \$12-18 billion

Right now, individuals with incomes between \$21,400 and \$1,077,550 all pay roughly the same tax rate of 6.5%. Higher earners should pay a higher rate. The Progressive Income Tax raises the tax rates on the top 5% of New Yorkers (\$300,000 and above).

NEW YORKERS WILL BARELY FEEL THE CHANGE

New York's average income tax rate by income level, current vs. proposed

Source: NY Department of Taxation and Finance



Bill #2: Capital Gains Tax

[S2522](#), [A03352](#)

Taxes income from investments like stocks the same as wages.

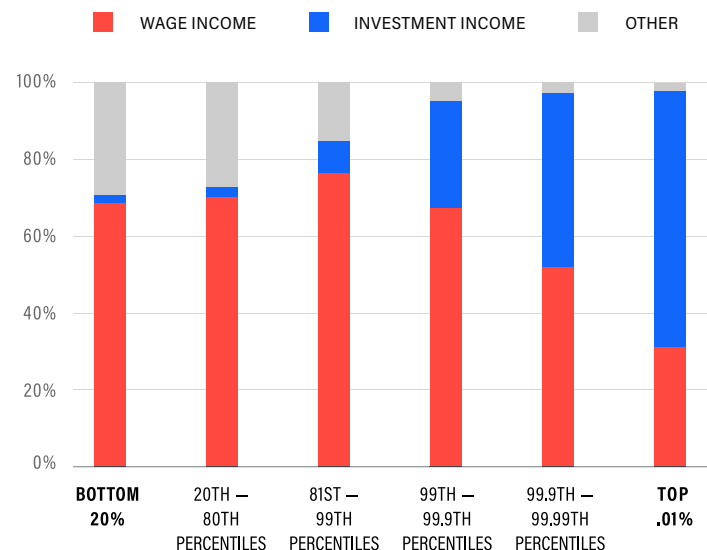
Raises: \$7 Billion

Right now, rich people make much of their income from investments like stocks, not from their jobs. The federal government taxes investment income at a much lower rate than the income we make at our jobs. New York can fix this by adding a tax to investment income that's equal to the tax break the rich are getting from the federal government.

THE WEALTHY DERIVE MOST INCOME FROM CAPITAL, NOT WAGES

Labor and investment income as a % of total income, 2017

Source: Congressional Budget Office





INVEST IN OUR NEW YORK

Tax Wealth

Bill #3: Heirs' Tax

[S3462](#), [A04643](#)

A progressive tax on large sums of inherited wealth.

Raises: \$8 billion

Many rich people make their money not from going to work, but from inheriting enormous sums of money. Working people pay taxes on the entirety of the income they make each year — the income they make from work — but rich people can make \$5 million in a year through inheritance and pay no tax on it. Inheritance that will not be affected by this tax: family houses up to \$2 million, money from pensions or retirement funds, and family farms.

Bill #4: Billionaires' Tax

[S04482](#), [A05092](#)

A Billionaires' tax & a Constitutional amendment to allow an additional tax on wealth.

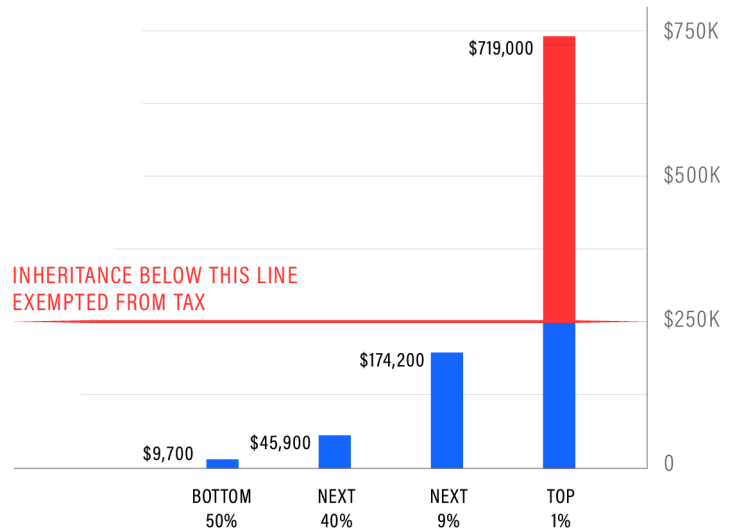
Raises: \$23 billion in the first year, \$1.3 billion per year thereafter

New York already has a wealth tax: it's called a property tax. Homeowners pay it every year. Meanwhile, if you own a massive stock portfolio, it is not taxed. A Billionaires' tax would treat billionaires' gains in wealth as income, and these increases would be taxed at income tax rates. Additionally, a constitutional amendment would allow the state to tax large sums of intangible wealth — like stocks, bonds and company ownership — in the future.

MOST NEW YORKERS WOULDN'T BE AFFECTED BY AN INCREASED TAX ON INHERITANCES

Only the top 1 percent of inheritances would be affected, and only amounts in excess of \$250,000.

Source: Federal Reserve Board, 2019, Survey of Consumer Finances



New York's 120 billionaires
Have a net worth
Of \$600 billion—and grew
\$87.7 billion richer during
The Covid-19 pandemic
(March 2020 – January 2021)



INVEST IN OUR NEW YORK

Tax Corporations and the Financial Sector

Bill #5: Wall Street Tax

[S3980](#), [A5215](#)

A small tax on Wall St. financial transactions

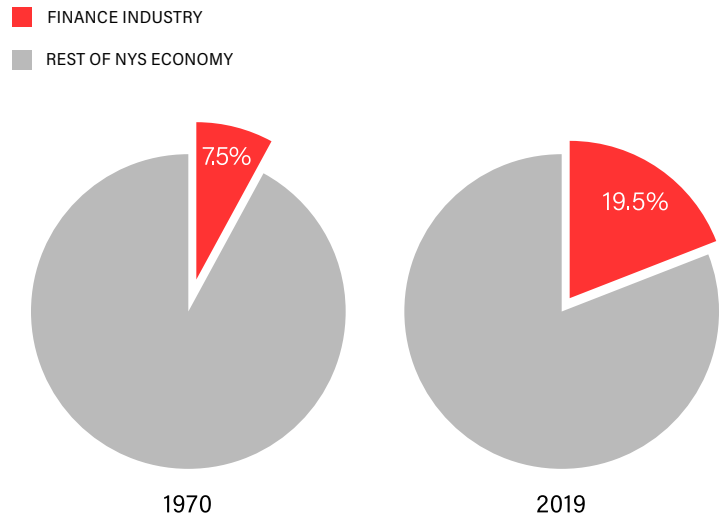
Raises: \$12-29 billion

Unlike other major financial centers like London and Hong Kong, New York currently doesn't place any tax on financial transactions. The financial industry is the largest industry in New York State: it makes up 30% of the state economy. This bill places small taxes on trades of stocks, bonds, and derivatives — a similar tax on stocks existed in NY until 1981.

THE FINANCE INDUSTRY IS A SIGNIFICANT PART OF NEW YORK'S ECONOMY BUT GOES LARGELY UNTAXED

The finance industry has disproportionately benefitted from the economic growth of the last 40 years.

Source: US Bureau of Economic Analysis



Bill #6: Corporate Tax

[S2833](#), [A04595](#)

A bill to repeal the Trump tax cuts, by restoring taxes on the profit a corporation makes each year

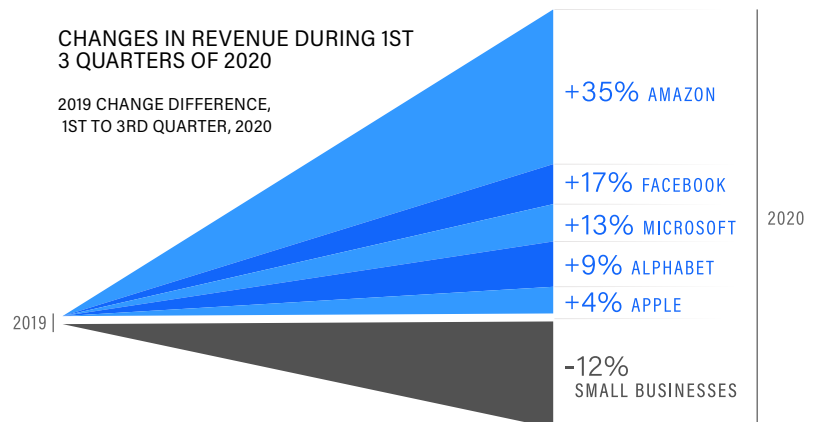
Raises: \$9 billion

In 2017, Trump's tax cuts reduced the federal corporate profit tax rate from 35% to 21%, and Trump cut taxes on real estate businesses by 20%. New York can end these tax breaks in our state so that businesses pay the same tax as they did three years ago.

THE "BIG FIVE" TECH CORPORATIONS HAVE PROFITED WHILE SMALL BUSINESSES HAVE FOLDED

Amazon, Facebook, Microsoft, Apple and Alphabet generated \$38 billion in profits in the third quarter of 2020 alone. Meanwhile, these and other corporations laid off thousands of workers during the pandemic, meaning those profits largely went directly into shareholders' pockets instead of back into the economy.

Source: The Washington Post, "America's biggest companies are flourishing during the pandemic and putting thousands of people after work," December 16, 2020





The Invest In Our New York Act is a

PLAN TO FUND OUR FUTURE



HOUSING
JUSTICE
FOR ALL

EMPIRE STATE
INDIVISIBLE

WORKING
FAMILIES
PARTY

The Invest In Our New York Act raises at least
\$50 billion annually

New York has more than enough money to get us through this economic crisis and fund a better future for all. But without immediate action, millions more will be evicted, become homeless, and go hungry. Small businesses will shutter permanently. Public schools will be decimated.

WE CAN'T WAIT ANOTHER DAY.

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