

SB 5158, to create a website that provides transparency in state and local taxation

By Jason Mercier, Director, Center for Government Reform

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Introduction

There are approximately 1,800 taxing districts in Washington state through which state and local officials impose numerous taxes on Washingtonians.

The tax system is muddy and confusing. There is no single resource to help individuals and businesses learn which taxing districts and tax rates they are subject to, and how much officials in each taxing district add to their total tax burden. A typical home, for example, can be located in as many as ten different taxing districts. A new bipartisan bill, SB 5158 (Concerning transparency in state and local taxation), proposed by Senator Lynda Wilson, Senator Christine Rolfes, and Senator Bob Hasegawa would create an online tax transparency website to provide citizens with an easier way to navigate the state's numerous taxing districts.

Most importantly, the website would promote public accountability by informing people of the tax and fiscal decisions officials are making on their behalf, and how those decisions affect the earnings of everyone living in the state.

Text of SB 5158

Here is the intent section for SB 5158 - Concerning transparency in state and local taxation:¹

“The intent of the legislature is to make state and local tax revenue as open, transparent, and publicly accessible as is feasible. Increasing the ease of public access to state and local tax information significantly contributes to governmental accountability, public participation, and open government; this is particularly true when the information is currently available from disparate government

sources, but is difficult for the public to collect and efficiently aggregate.”

SB 5158 would build on the state's searchable budget website (fiscal.wa.gov) to provide Washingtonians with an important tax transparency resource. Fiscal.wa.gov was created by a bill that was unanimously adopted by lawmakers in 2008 based on an earlier Washington Policy Center (WPC) recommendation.

Among the provisions of SB 5158 is one that would require the creation of an educational tax burden calculator. From Section 2 of the bill:

“The department must also provide tax rate calculators on the searchable database to allow taxpayers to calculate their potential taxes. Calculators must be provided at a minimum for property, sales and use, business and occupation, vehicle, and other business taxes and must be specific to the rate for the taxing district in which the taxpayer resides. The calculator may only be used for educational purposes and does not have a legal effect on taxes due.”

Broad editorial support

The principle of government transparency and accountability has broad editorial support. Here is what the *Seattle PI* and *The Olympian* said about this tax transparency concept when WPC first proposed it to lawmakers back in 2008:

Seattle Post-Intelligencer (8/17/08)

“The Legislature and the governor recently moved the state into a new era of budget transparency with a law creating a searchable Web site detailing state spending. The state should advance its impressive digital empowerment of the public by giving everyone access to the same type of information about his or

¹ “SB 5158: Concerning transparency in state and local taxation,” Washington State Legislature, January 5, 2023, at <https://app.leg.wa.gov/billsummary?BillNumber=5158&Year=2023&Initiative=false>

her state and local taxes. The Washington Policy Center last week unveiled a proposal to create ‘a tax transparency Web site’ allowing individuals and businesses to figure out just how much they are paying in all local and state taxes.

The site would have information not just about state and city tax rates, for example, but also the entire range of rates from other taxing districts, such as school, county, library, fire, transit and other entities. There also would be a calculator allowing individuals to figure their own total state and local tax burdens . . . Like the spending idea, this plan ought to have bipartisan appeal. Whether one tends to think we have too few services or too many taxes, there is broad common ground on the value of accurate information for making good decisions.”²

The Olympian (10/2/08)

“State lawmakers are fond of talking about openness and transparency in government, but generally come up short when it comes to taking positive legislative action. This year was an exception when the House and Senate passed Senate Bill 6818, which requires the state to make available to the public detailed information about state spending.

State officials have until Jan. 1, 2009, to assemble line-by-line state spending data and make it available to the public via a Web site. It’s a great step forward to a more open and transparent government. Now it’s time for lawmakers to shift their focus to the revenue side and give the public the same kind of detailed information about the taxes they pay to support government programs.”³

Conclusion

Increasing the ease of public access to state and local tax rates would enhance public trust in government by increasing the public’s understanding of the cost of government services. Improved transparency would also facilitate meaningful tax competition among taxing districts because taxpayers could compare different tax burdens and then make informed decisions about where to live or locate their businesses.

By creating an online searchable database of all tax rates in the state for each taxing district, as proposed by SB 5158, policymakers would make taxation more transparent and help citizens learn more about what government decisions mean to their pocketbooks. This positive bipartisan reform would remove much of the mystery surrounding taxation.

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Nothing here should be construed as an attempt to aid or hinder the passage of any legislation before any legislative body.

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² “What taxes we pay: People’s database,” *Seattle PI*, August 17, 2008, at <https://www.seattlepi.com/local/opinion/article/What-taxes-we-pay-People-s-database-1282451.php>

³ “State revenue flow requires transparency,” *The Olympian*, October 2, 2008.