



A VISION FOR BLACK LIVES: **POLICY DEMANDS FOR BLACK POWER, FREEDOM, & JUSTICE**

A Progressive Restructuring of All Tax Codes at the Local, State, and Federal Levels to Ensure a Radical and Sustainable Redistribution of Wealth

What is the problem?

- There is a desperate need to replace the current practice of collecting revenue in regressive ways with a more just system for collecting taxes.
- Across the United States, there are major political obstacles to raising any kind of revenue, along with a false perception of who pays and how this has changed over time.
- As with most injustices in our economic and political systems, regressive taxation has hit Black people, low-income people, and people of color the hardest.
- Many municipalities have increasingly decreased the use of progressive taxation and instead resorted to privatization and new fees and higher sales taxes in order to maintain bare-boned public infrastructure with minimal social support. . As a result, residents are being forced to pay more for public services like trash collection, access to water, sewage, public property maintenance, and parking meters.
- Across the country, low-income people, disproportionately Black and other people of color, pay proportionally more in state and local taxes than the wealthy: In the ten states with the most regressive tax structures, the poorest fifth pay up to seven times as much in state and local taxes and fees as the wealthiest residents, as a percentage of their income.
- The wealth gap between white and Black households keeps growing, with the average white family now owning over 7.5 times as much wealth as the average Black family. Tax breaks for homeowners, retirement savings, employer-sponsored health insurance, and capital gains contribute to widening this gap.
- When states are not shifting the cost of public services onto poorer residents, they cut services all together, which affects poorer communities the most. Many municipalities, oftentimes with majority Black populations, have increased public school class sizes, shortened school days, closed vital city offices, reduced public transportation, reduced affordable housing assistance, cut essential health care programs, and eliminated public sector jobs.
- As the wealthiest Americans and powerful corporations continue to evade their fair share of taxes, many public services, programs and initiatives that could increase racial and economic justice go underfunded or unfunded.

What does this solution do?

- Progressive taxes on income to raise revenue more equitably:

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- Raise marginal tax rates for high earners, specifically the top percentile (the top 1% have seen their effective tax rate reduced to around 20 percent, down from 90 percent in the 1960s). Begin by raising the top marginal rate first to 50 percent and then gradually up to 80 percent.
- Remove income caps on payroll taxes that fund social security and unemployment insurance.
- Raise corporate income taxes, especially on large corporations and end tax deferral for foreign income of multinational corporations.
- Taxes on wealth to reduce the wealth inequality:
 - Increase taxes on capital to the point where they are higher than taxes on labor, as wealth inequality is greater than income inequality. Specifically:
 - Increase capital gains tax
 - Create anti-speculation tax on property transfers
 - Increase estate tax
 - Have states shift to an income-sensitized property tax that focuses on homes above a certain threshold and second homes
 - Impose a wealth tax (on tangible and financial assets)
- Remove harmful tax breaks and tax undesirable activities instead:
 - Taxing “bads” not “goods”: shift from sales taxes to taxing externalities such as environmental damage, and make this approach income-sensitized to hold low-income people harmless.
 - Create a financial transaction tax on the trading of stocks, bonds, derivatives and currencies.
 - Assess and eliminate tax expenditures 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.
 - Make low-wage employer pay penalty fees or levy a payroll tax rate proportional to wage disparity.
 - Expand the earned income tax credit.
 - Provide a universal child tax credit.
 - Create mechanisms for sharing tax revenues between neighboring localities to reduce tax flight and segregation.

Federal Action:

- Through a participatory process guided by the principle of racial and economic equity - create a federal working group or commission to propose a full scale overhaul on tax policy that increases racial and economic equity.



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- Develop and pass omnibus tax reform legislation in accordance with racial equity goals.
- Expand progressivity of federal income taxes by creating more tax brackets and substantially increasing the marginal tax rate, thus producing a wider spread in rates between the lowest and highest brackets.
- Eliminate all corporate loopholes and raise corporate income tax rates on large corporations
- Create a wealth tax, eliminate capital gains tax breaks, and raise a tax on financial transactions.
- Shift tax expenditures to help build the wealth of households of color.

State Action:

- Each state should create a working group or commission through a participatory process guided by the principle of racial and economic equity, propose full-scale tax reform consistent with racial & economic equity goals through that working group, and then create and implement appropriate legislation.
- Implement progressive income taxes in every state and redistribute the revenue as needed to municipalities
- Lift state income and corporate tax rate caps¹ and eliminate corporate subsidies and giveaways on property taxes.
- Implement tax-base sharing across municipalities to reduce inequality.
- Eliminate all corporate loopholes at state level, including single sales factor.
- Create a tax on wealth.
- Reduce sales and gross receipts taxes and shift these toward luxury taxes and taxes on extractive and polluting industries.
- Expand Earned Income Tax Credits.

Local Action:

- Ensure that property taxes and other local taxes are income sensitized.
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- Eliminate corporate tax breaks at the city level, particularly Tax Increment Financing and Business Improvement Districts.
- Implement progressive municipal income taxes.
- 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.
- 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.

¹ <http://www.governing.com/topics/elections/gov-georgia-caps-income-tax-rate.html>



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- Provide fixed-dollar exemptions rather than percentage-based exemptions and implement “circuit breakers” for property taxpayers below a certain income level.
- Ally with community organizations to exert political pressure on large tax-exempt institutions to forge Payment in Lieu of Taxes (PILOT) agreements.

How does this solution address the specific needs of some of the most marginalized Black people?

- Tax policy is so regressive that these solutions will particularly benefit the lowest income families, which are disproportionately single Black women with children, both in terms of increased income and improved access to public services.
- More equitable, redistributive tax policy will help reduce the racial wealth and income gap.

Resources:

- [Progressive Policies for Raising Municipal Revenue](#)
- [Who Pays: A Distributional Analysis of the Tax Systems in All Fifty States](#)

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