From:	gibsoneconomics@comcast.net
To:	Burbank, John
Cc:	Katie Wilson; Aldrich, Newell
Subject:	Re: Thanks/question
Date:	Thursday, March 02, 2017 9:41:04 AM
Attachments:	Full WA 2014 IRS Income Data by zip, 030217.xlsx

Hi All -
I've attached the most recent Calculator, with Seattle presentation assumptions loaded. It is more recent than the one circulated yesterday, and shows the estimates of affected federal income tax returns, their percentage of total Seattle returns, and the estimated revenue from the proposed tax parameters defined in the initial email below.
The estimates for a tax eligibility threshold of $200,000 (AGI) are shown, because that is a threshold for the IRS data used and the impacts can be calculated directly. The reduction to the lower numbers of returns and tax revenue at a $250,000 threshold are based on State-wide IRS patterns for incomes above $200,000, for which there is data not available at the individual zip code level. For those, I used data on incomes in the $200,000-$500,000 range, and smoothed the income distribution among smaller sub-ranges.
As shown in the formulas in cells R29 and R31, that lowers the tax base by about 17% and the number of affected returns by about 37%. The estimated revenue of $95.82 was rounded up in the presentation to $100 million, since the values in the Calculator are from 2014 IRS data - the latest available in this form. The "point estimate" of 5.12% of returns (cell O31) is the basis of the broader, more cautious range of 5%-10% in the presentation.
I hope this provides what you need. Feel free to forward any additional questions.
John Gibson

From: "John Burbank" <john@eoionline.org>
To: "Katie Wilson" <katie@transitriders.org>, "Newell Aldrich" <Newell.Aldrich2@seattle.gov>
Cc: "John Gibson (gibsoneconomics@comcast.net)" <gibsoneconomics@comcast.net>
Sent: Wednesday, March 1, 2017 6:58:04 PM
Subject: RE: Thanks/question

Here is the calculator, based on 2014 income data from the IRS. It needs to be inflated to estimate 2017 revenues, and slightly compressed to take account of increasing the threshold from $200,000 to $250,000. John Gibson has done the appropriate extrapolation from IRS data for the state. He can chime in.

From: Katie Wilson [mailto:katie@transitriders.org]
Sent: Wednesday, March 1, 2017 6:35 PM
To: Aldrich, Newell <Newell.Aldrich2@seattle.gov>
Cc: John Burbank <john@eoionline.org>; John Gibson (gibsoneconomics@comcast.net) <gibsoneconomics@comcast.net>

Subject: Re: Thanks/question

Thanks Newell, for all your work! The figure is from EOI, and specifically from John Gibson who helps with their economic analysis. I'm cc-ing both of them so they can add any details you need. I know the calculation involved extrapolating from some state as well as local data, so it's definitely an estimate.

Best,
Katie

Katie Wilson
General Secretary
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The Transit Riders Union is a democratic organization of working and poor people, including students, seniors and people with disabilities, taking control over our own lives, and building up the power we need to change society for the good of humanity and of the planet. We will fight to preserve, expand, and improve the public transportation system in Seattle and beyond, so that every human being has access to safe, affordable, and reliable public transit.

On Wed, Mar 1, 2017 at 6:06 PM, Aldrich, Newell <Newell.Aldrich2@seattle.gov> wrote:

> Katie, thanks for all your great work in getting today's event set up! The video is up at the Seattle Channel website.
>
> Could you let me know the source of the figure listed in the presentation below?
>
> - A 2.5% tax on *unearned income*, comprising capital gains, interest and dividends.
> - Applying only to households with total (adjusted gross) income over $250,000.
> - EOI estimates that this would affect between 5% and 10% of Seattle households and generate around $100M per year.
>
> Thanks,
>
> Newell