

AWB I-1098 Survey Results – Overall Responses

AWB conducted the following survey of its members from August 3-13, 2010 and received 908 unique responses.

Initiative 1098 will be on the ballot in Washington this fall. I-1098 would:

1. Create a new state personal income tax: 5% for individual income over \$200,000 (couples over \$400,000) & 9% for income over \$500,000 (couples over \$1 million). [Income included: all salary, interest, dividends, capital gains, business, S-Corp, LLC, farm, & rental income, whether distributed or not.]
2. Raise maximum B&O threshold that qualifies for Washington's small business tax credit (from \$35/month to \$400/month)
3. Reduce the state portion of property taxes by 20% (which represents approximately 4% of total property tax bill)
4. Direct the funds raised toward education & healthcare

Given this information, please consider the following questions about I-1098's impact on your business.

1. Hiring Impact.

If I-1098 passes, what impact would you expect on your hiring plans? (specify % increase/decrease)

Response	Employers	Percent	Avg. % Change
Decrease hiring	303	33%	30%
No change to current plans	598	66%	0%
Increase hiring	7	1%	17%
<i>Total</i>	<i>908</i>	<i>100%</i>	<i>-10%</i>

2. Salary & Benefit Impact.

If I-1098 passes, what impact would you expect on your employee salaries and benefits? (specify % increase/decrease)

Response	Employers	Percent	Avg. % Change
Decrease salaries and benefits	314	35%	23%
No change to current plans	578	64%	3%
Increase salaries and benefits	16	2%	12%
<i>Total</i>	<i>908</i>	<i>100%</i>	<i>-8%</i>

3. Reinvestment Impact

If I-1098 passes, what impact would you expect the level of reinvestment in your business? (specify % increase/decrease)

Response	Employers	Percent	Avg. % Change
Decrease reinvestment	427	47%	19%
No change to current plans	464	51%	2%
Increase reinvestment	17	2%	14%
<i>Total</i>	<i>908</i>	<i>100%</i>	<i>-9%</i>

AWB I-1098 Survey Results – Overall Responses (continued)

4. B&O Tax Credit

Do you expect to benefit from increased threshold for B&O tax credit (from \$35/month to \$400/month)?

	Response	Employers	Percent
	Yes - the higher threshold would allow us to qualify	96	11%
	No - our business is too large to qualify	453	52%
	No - we already qualify for the existing tax credit	57	7%
	Unsure / tax not applicable to our business	267	31%
	Subtotal – No, do not expect to benefit	510	58%
	<i>Total</i>	<i>873</i>	<i>69%</i>

5. Income Tax Scope

Do you expect the proposed state personal income tax would apply to you?

	Response	Employers	Percent
	Yes – Immediately	327	37%
	Yes - In the future due to business or earnings growth	133	15%
	Yes - In the future because the government will expand it	208	24%
	No - Don't expect to pay it	209	24%
	Subtotal – Yes, expect to pay income tax	668	76%
	<i>Total</i>	<i>877</i>	<i>48%</i>

6. Support

Do you support I-1098?

	Response	Employers	Percent
	Yes	62	7%
	No	693	79%
	Undecided	121	14%
	<i>Total</i>	<i>876</i>	<i>100%</i>

AWB I-1098 Survey Results – Responses by Business Size

1. Hiring Impact.

If I-1098 passes, what impact would you expect on your **hiring plans**? (specify % increase/decrease)

Response	Employer Size (# of Employees)				
	Under 20	20-500	Under 500	Over 500	All Sizes
Decrease hiring	124 (27%)	143 (40%)	267 (33%)	11 (21%)	278 (32%)
No change to current plans	328 (72%)	211 (59%)	539 (66%)	41 (79%)	580 (67%)
Increase hiring	6 (1%)	1 (0%)	7 (1%)	0 (0%)	7 (1%)
Total	458 (100%)	355 (100%)	813 (100%)	52 (100%)	865 (100%)

865 responses by business size—43 of 908 total respondents did not specify size

2. Salary & Benefit Impact

If I-1098 passes, what impact would you expect on your **employee salaries and benefits**? (specify % increase/decrease)

Response	Employer Size (# of Employees)				
	Under 20	20-500	Under 500	Over 500	All Sizes
Decrease salaries and benefits	134 (29%)	135 (38%)	269 (33%)	13 (25%)	282 (33%)
No change to current plans	314 (69%)	218 (61%)	532 (65%)	36 (69%)	568 (66%)
Increase salaries and benefits	10 (2%)	2 (1%)	12 (1%)	3 (6%)	15 (2%)
Total	458 (100%)	355 (100%)	813 (100%)	52 (100%)	865 (100%)

865 responses by business size—43 of 908 total respondents did not specify size

3. Reinvestment Impact

If I-1098 passes, what impact would you expect the level of **reinvestment in your business**? (specify % increase/decrease)

Response	Employer Size (# of Employees)				
	Under 20	20-500	Under 500	Over 500	All Sizes
Decrease reinvestment	180 (39%)	199 (56%)	379 (47%)	15 (29%)	394 (46%)
No change to current plans	265 (58%)	153 (43%)	418 (51%)	37 (71%)	455 (53%)
Increase reinvestment	13 (3%)	3 (1%)	16 (2%)	0 (0%)	16 (2%)
Total	458 (100%)	355 (100%)	813 (100%)	52 (100%)	865 (100%)

865 responses by business size—43 of 908 total respondents did not specify size

Notes:

- "Under 500" includes combined results from "Under 20" and "20-500"
- "All sizes" percentages differ slightly from overall totals, as employers who omitted size are included in totals but excluded in "all sizes"

AWB I-1098 Survey Results – Responses by Business Size (continued)

4. B&O Tax Credit

Do you expect to benefit from increased threshold for B&O tax credit (from \$35/month to \$400/month)?

Response	Employer Size (# of Employees)				All Sizes
	Under 20	20-500	Under 500	Over 500	
Yes - the higher threshold would allow us to qualify	83 (18%)	12 (3%)	95 (12%)	0 (0%)	95 (11%)
No - our business is too large to qualify	152 (33%)	256 (72%)	408 (50%)	40 (77%)	448 (52%)
No - we already qualify for the existing tax credit	41 (9%)	14 (4%)	55 (7%)	1 (2%)	56 (6%)
Unsure / tax not applicable to our business	181 (40%)	72 (20%)	253 (31%)	11 (21%)	264 (31%)
Subtotal – No, do not expect to benefit	193 (42%)	270 (76%)	463 (57%)	41 (79%)	504 (58%)
Total	457 (100%)	354 (100%)	811 (100%)	52 (100%)	863 (100%)

863 responses by business size—10 of 873 total respondents did not specify size

5. Income Tax Scope

Do you expect the proposed state personal income tax would apply to you?

Response	Employer Size (# of Employees)				All Sizes
	Under 20	20-500	Under 500	Over 500	
Yes – Immediately	122 (27%)	173 (49%)	295 (36%)	28 (54%)	323 (37%)
Yes - In future due to business or earnings growth	80 (17%)	47 (13%)	127 (16%)	4 (8%)	131 (15%)
Yes - In future because government will expand it	123 (27%)	72 (20%)	195 (24%)	10 (19%)	205 (24%)
No - Don't expect to pay it	133 (29%)	63 (18%)	196 (24%)	10 (19%)	206 (24%)
Subtotal – Yes, expect to pay income tax	325 (71%)	292 (82%)	617 (76%)	42 (81%)	659 (76%)
Total	458 (100%)	355 (100%)	813 (100%)	52 (100%)	865 (100%)

865 responses by business size—12 of 877 total respondents did not specify size

6. Support

Do you support I-1098?

Response	Employer Size (# of Employees)				All Sizes
	Under 20	20-500	Under 500	Over 500	
Yes	38 (8%)	19 (5%)	57 (7%)	4 (8%)	61 (7%)
No	345 (75%)	299 (84%)	644 (79%)	38 (75%)	682 (79%)
Undecided	75 (16%)	37 (10%)	112 (14%)	9 (18%)	121 (14%)
Total	458 (100%)	355 (100%)	813 (100%)	51 (100%)	864 (100%)

864 responses by business size—12 of 876 total respondents did not specify size

Reference: Employers by Size

Source: <http://www.census.gov/epcd/sub/latest/wa/WA--.HTM>.

Business Size	Under 20	20-500	Under 500	Over 500	All Sizes
Number of Washington Jobs	519,854	829,344	1,349,198	1,072,071	2,421,269
Percent of Washington Jobs	21%	34%	56%	44%	100%

Notes:

- "Under 500" includes combined results from "Under 20" and "20-500"
- "All sizes" percentages differ slightly from overall totals, as employers who omitted size are included in totals but excluded in "all sizes"