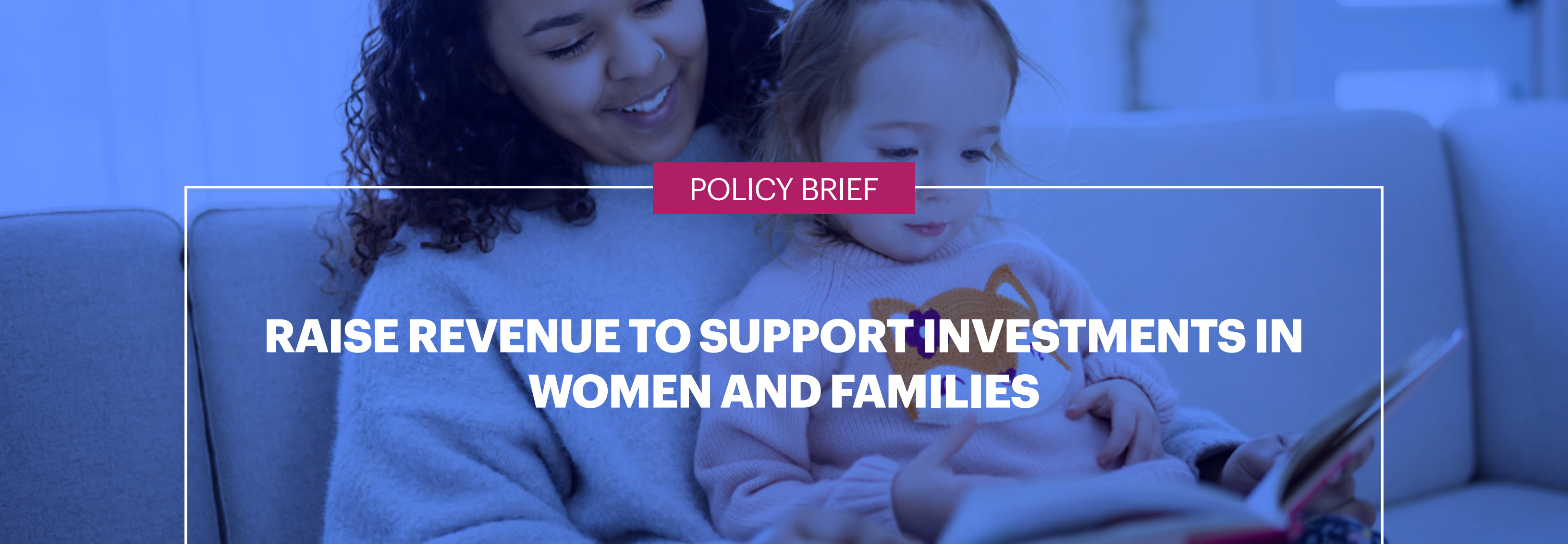

POLICY BRIEF

RAISE REVENUE TO SUPPORT INVESTMENTS IN WOMEN AND FAMILIES

THE PROBLEM

The primary purpose of the tax code is to collect revenues to support investments in public goods that help everyone and grow the economy, such as food assistance, health care, child care, paid family and medical leave, and aging and disability care. These revenues should be collected by making sure the wealthiest individuals and corporations are paying their fair share. But many state tax codes are regressive or offer tax preferences for income from wealth compared to income from work, requiring low- and middle-income families to pay a greater share of their income in taxes than wealthy families. This widens inequality and gender and racial wealth gaps and disproportionately impacts women, women of color, and LGBTQIA+ people, who are already struggling to make ends meet among inflation, rising prices, and the drastic cuts to SNAP and Medicaid imposed by the tax and budget law that Trump and congressional Republicans enacted in 2025 (H.R. 1 or "OBBBA"). These cuts will squeeze state budgets, requiring states to increase funding to basic needs programs or face service cuts. OBBBA also gave big tax breaks to the wealthy, diminishing how much tax revenue the federal government collects. States can reverse this harmful trend by taxing wealthy residents and funding public investments.

THE SOLUTION

- Raise revenue to support public investments by enacting progressive tax policies that require a state's wealthiest residents and corporations to pay more of their fair share. Revenue options to consider within your state context include:
  - Increasing income taxes on high-income residents
  - Increasing taxes on capital gains or on high levels of net worth
  - Addressing trust loopholes and increasing estate taxes
  - Closing loopholes in corporate taxes and increasing corporate tax rates
- Reject conforming state tax codes to federal tax policies that provide tax breaks to the wealthiest families and corporations.

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- Reject policies, such as increasing sales taxes or cutting progressive income taxes, that require low- and middle-income families to pay a greater share of their income in taxes than wealthy families and necessitate cuts to vital programs.
- Expand refundable tax credits in ways that help the lowest income families rather than prioritizing higher income families. While refundable tax credits lift families' incomes, tax credits are no substitute for direct investments in child care, paid family and medical leave, or aging and disability care.
- State and local officials can enact progressive tax policies at the local level to ensure the wealthy are paying more of their fair share to fund essential public goods.

TALKING POINTS ON THE SOLUTION

- The tax code should work for all of us, not just the wealthy few.
- If states step up to support families in the wake of OBBBA, residents will not have to go hungry or go without health care to fund tax breaks for billionaires.
- Billionaires and corporations should pay more in taxes to take the burden off families who are struggling to afford the basics. The wealthiest have rigged the tax code for their own benefit, and it's time for them to pay their fair share.
- If billionaires and big corporations pay their fair share in taxes and we invest in child care, paid family and medical leave, and aging and disability care, we will make life more affordable for families, grow the economy and increase gender and racial equity.
- States can increase public trust in government by ensuring their tax codes raise revenues fairly for the benefit of the community.
- Making state tax codes more progressive increases state revenues, reduces poverty, and advances racial equity.

Public Popularity

- Taxing the wealthy is consistently favored in recent polling across the political spectrum. Seventy-three percent of likely voters in late January and early February 2026 agreed the wealthy should pay more in taxes.
- In January 2026, 80% of Americans said the gap between rich and poor is a somewhat big or very big problem, and 59% said the government should act to reduce wealth inequality.
- Strong majorities (73%) in August 2025 also believed the wealth gap is a serious national problem.
- States with the most progressive tax codes are ranked significantly better places to live, work, and raise a family.

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- Wealthy residents often claim they will move out of state if their taxes are increased, but in reality relocations for tax purposes are exceedingly rare.

State-Specific Data

- Click here for a comprehensive analysis of tax systems in all 50 states and the District of Columbia.

Examples of State and Local Policies

- In 2026, Maine and Washington enacted millionaire's taxes. Washington applied a 9.9% tax to incomes over $1 million, using the revenues to support child care, public education, and an expansion of the state's EITC. Maine adopted a 2% tax on annual incomes over $1 million dollars and will use the revenues to support investments in care, affordability, and education.

- California residents will vote in November 2026 on a ballot initiative to enact a one-time 5% wealth tax on the state's approximately 200 billionaires. If enacted, it is estimated to raise $100 billion in revenue, which would allow the state to support health care and food assistance, which face cuts from OBBBA.

- In 2026, several states adopted legislation decoupling their state tax codes from OBBBA's tax breaks in the federal code for wealthy and profitable corporations. For example, Maine and Oregon decoupled their tax codes from the federal Qualified Small Business Stock exemption—which overwhelmingly benefits households with over $1 million in annual income—thereby protecting millions of dollars in revenue. New Mexico decoupled its state tax code from some of the corporate tax breaks in OBBBA to fund investments including affordable housing development and increased pay for teachers and other public employees.

- In 2025, Maryland increased tax fairness by creating two new high-income tax brackets and a new capital gains surcharge. At the same time, it expanded the state's Child Tax Credit.

- Click here for a 2025 Tax Justice Legislative Overview

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