

March 27, 2018

Seattle City Council  
600 Fourth Avenue  
2<sup>nd</sup> floor  
Seattle, WA 98104

Dear City Councilmembers,

We write to you today as business leaders who collectively employ or through our associations represent more than 700,000 jobs in the Seattle region. The business community of Seattle urges the Seattle City Council to reject the call for \$150 million a year in additional taxes from your Progressive Revenue Task Force.

As you know, the business community respectfully declined to participate in the Task Force process because the members were directed to justify, rather than evaluate, the need for an employee hours tax of \$25-75M a year. The rushed process was designed to respond to the political environment at Council, rather than the scale or depth of the problem facing our region. Additionally, we feel the public-facing rhetoric in support of an employee hours tax has been intentionally misleading. For example, some task force members and Councilmembers have publicly stated that “business needs to pay their fair share,” ignoring the fact that an estimated 57% of Seattle’s General Fund revenue comes from taxes paid by businesses. Many in the business community have repeatedly supported multiple local and regional measures that raised our own taxes, but improved the quality of life for all – such as the Seattle Housing Levy, the Move Seattle Transportation Levy, Sound Transit Phase 3 and more. We believe the false narrative that business is paying less than its share, coupled with a rushed process with a predetermined outcome, resulted in the task force’s current recommendation, which is double the maximum end of the range the Council had initially identified.

The City of Seattle’s treasury has long benefited from the generosity of Seattle voters and taxpayers and from the prosperity of its booming economy. Spending by the City of Seattle has far outpaced both population increases and inflation – by nearly 4 to 1. The City’s General Fund and voter-approved spending has grown from \$1.28 billion in 2012 to \$1.78 billion in 2016, a 39% increase. Over the same period, Seattle’s population grew by only 11%, and cumulative inflation was only 6.8%. One must ask, what do we have to show for this drastic increase in spending?

These spending increases have not produced positive results in managing our homelessness crisis, which is the number one issue facing our region. Recommendations from national homelessness experts that Seattle could make serious progress in addressing homelessness have been ignored (at best) and arguably rejected by the Council (at worst). For example, the Council recently restored funding to certain homeless service providers that failed to meet the performance requirements of the recent Request For Proposal process. This is a concrete example of the Council’s politicization of the homeless services contracting system, and lack of discipline and the will required to demand outcomes for the tax dollars it is spending. The ineffectiveness of the City’s approach to homelessness is on display on our streets and sidewalks and in the annual data from the One Night Count. The number of unsheltered homeless in Seattle has increased by 37% in the last three years despite the City of Seattle’s increased spending. This is more than just a squandering of Seattle taxpayers’ generosity; this is a basic failure to meet the needs of our homeless population despite having a budget that is the envy of cities larger than Seattle.

Lastly, we are shocked to hear that, despite raising taxes twelve times since 2014, the City of Seattle may be facing a near-term budget shortfall measured in the tens of millions of dollars. It is astounding to learn that the City Council somehow adopted a budget beyond its means at a time when historically high revenues are rolling into the City from unprecedented economic growth, property values, consumer spending and taxable construction.

We are hopeful that the regional One Table process convened by the Mayor and County Executive will result in a balanced approach to include reforms, efficiencies, and priority programs with measurable outcomes that reduce the unsheltered homeless population in Seattle and King County. In anticipation of One Table's work, we urge the City Council to join with the region to embrace effective and sustainable strategies to eliminate homelessness. If, through that process, it is demonstrated that funds are needed and can be effectively spent, the business community is committed to supporting a regional effort to determine sufficient, appropriate revenue sources that are equitable, sustainable, and entirely focused on solving homelessness.

Sincerely,

Jon Scholes  
Downtown Seattle Association

Marilyn Strickland  
Seattle Metropolitan Chamber of Commerce

Louise Chernin  
Greater Seattle Business Association

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Fremont Brewing

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Rain Shadow Meats

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