

We write to you today as business leaders who collectively employ more than XXXXX people in Seattle. 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 establish a justification for an employee hours tax of \$25-75M a year, and the process was rushed—designed to respond to the political environment at Council, and not 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.” In fact, 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 process that had a predetermined outcome, resulted in the task force’s current recommendation which is double the maximum end of the range the Council provided for consideration.

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. In 2012, the City’s General Fund and voter-approved spending was \$1.28 billion and grew to \$1.78 billion by 2016, a 39% increase. Over the same period, Seattle’s population grew by only 11%, and the cumulative inflation in Seattle was 6.8%. One must ask, why has there been a drastic increase in spending and what do we have to show for it?

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 City’s lack of discipline to demand outcomes and a further politicization of the homeless services contracting system. The ineffectiveness of the City’s approach to homelessness is on display on our streets, in our neighborhoods 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 Mayors Durkan and Backus and County Executive Constantine 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.