



City of Seattle Tax Analysis

For the Downtown Seattle
Association and
Seattle Metropolitan Chamber of
Commerce

September 2026



The Shift in Tax Base, Revenues, and Burden

Seattle's taxes grew for three reasons: voters approved levies, Council approved new taxes, and the economy grew. Through 2020 that growth rested on **broad bases**: property, sales, utility and B&O taxes paid by tens of thousands of households and firms.

Since 2021 the growth has come almost entirely from **narrow taxes**. The payroll expense tax, and now the social housing tax, are paid by a few hundred firms. Their ten largest payers account for two-thirds or more of each.

That shift lands against falling investment downtown and **falling employment in Seattle**, even as the rest of King County adds jobs. City services now rest on a very small amount of economic activity.

Between 2013 and 2025, Seattle taxes grew **172%**, while population grew **31%** and employment **23%**. Through 2020 businesses paid about **55%** of City taxes; in 2026 that share reaches **68%**, or about **\$1.65 billion**.

Of the **\$1.08 billion** of tax growth since 2018, **83%** falls on business.

Broad-based core taxes fell from **83%** of collections in 2013 to **52%** in 2026.

Fewer than 500 companies pay the payroll expense tax and about 220 pay the social housing tax. Their ten largest payers account for 73% and 66%.

Taxes grew during the pandemic, when revenues were expected to drop.

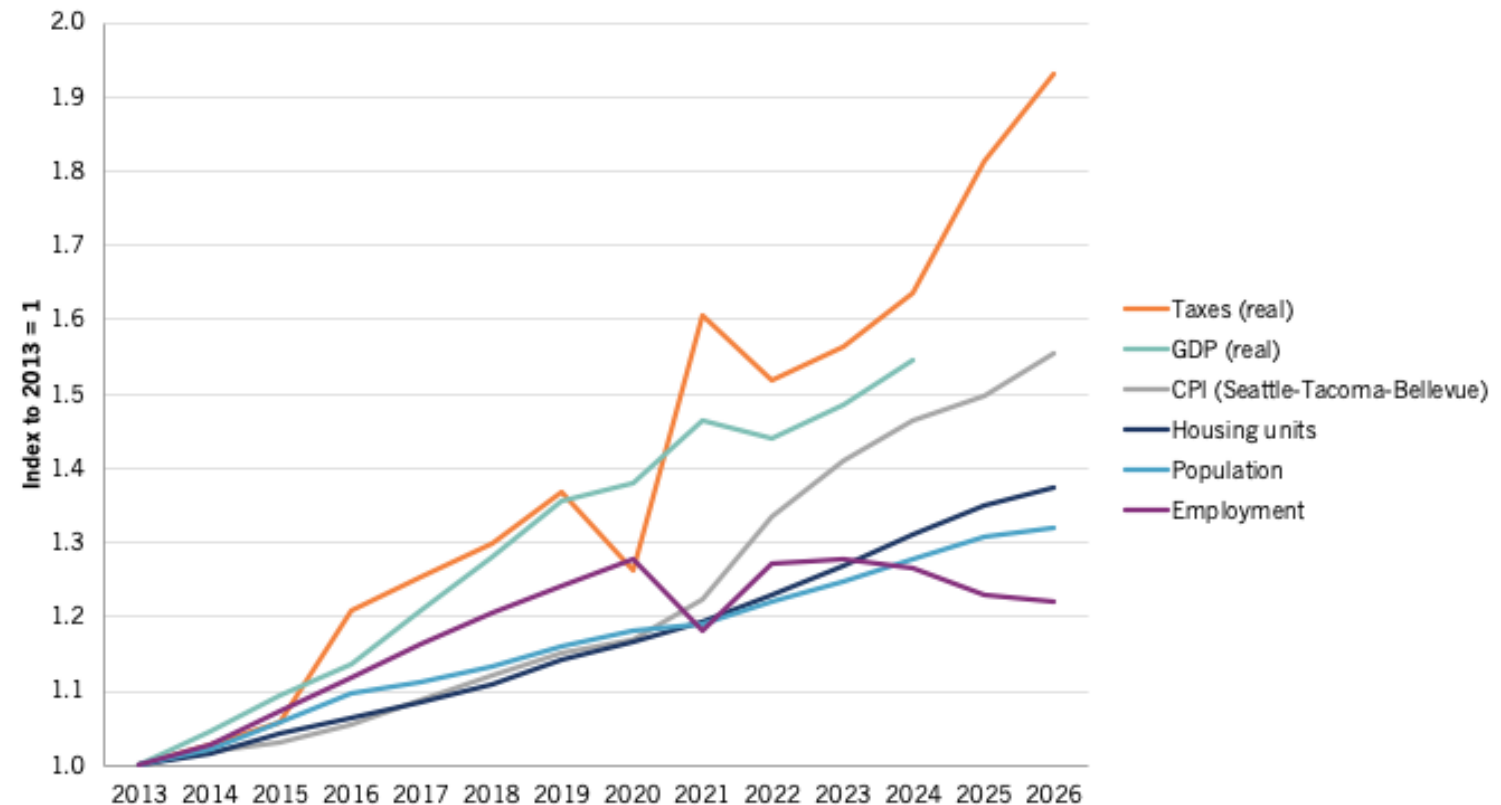
Seattle lost about **24,000 jobs** between March 2020 and March 2025 while the rest of King County gained **21,000**. Business taxes per employee now run **2.8 times** non-business taxes per resident.

Between 2013 and 2025, Seattle taxes have grown **5.6x** faster than population, **7.5x** faster than employment, and **3.4x** faster than inflation.

They have also outpaced GDP.

Since 2013:

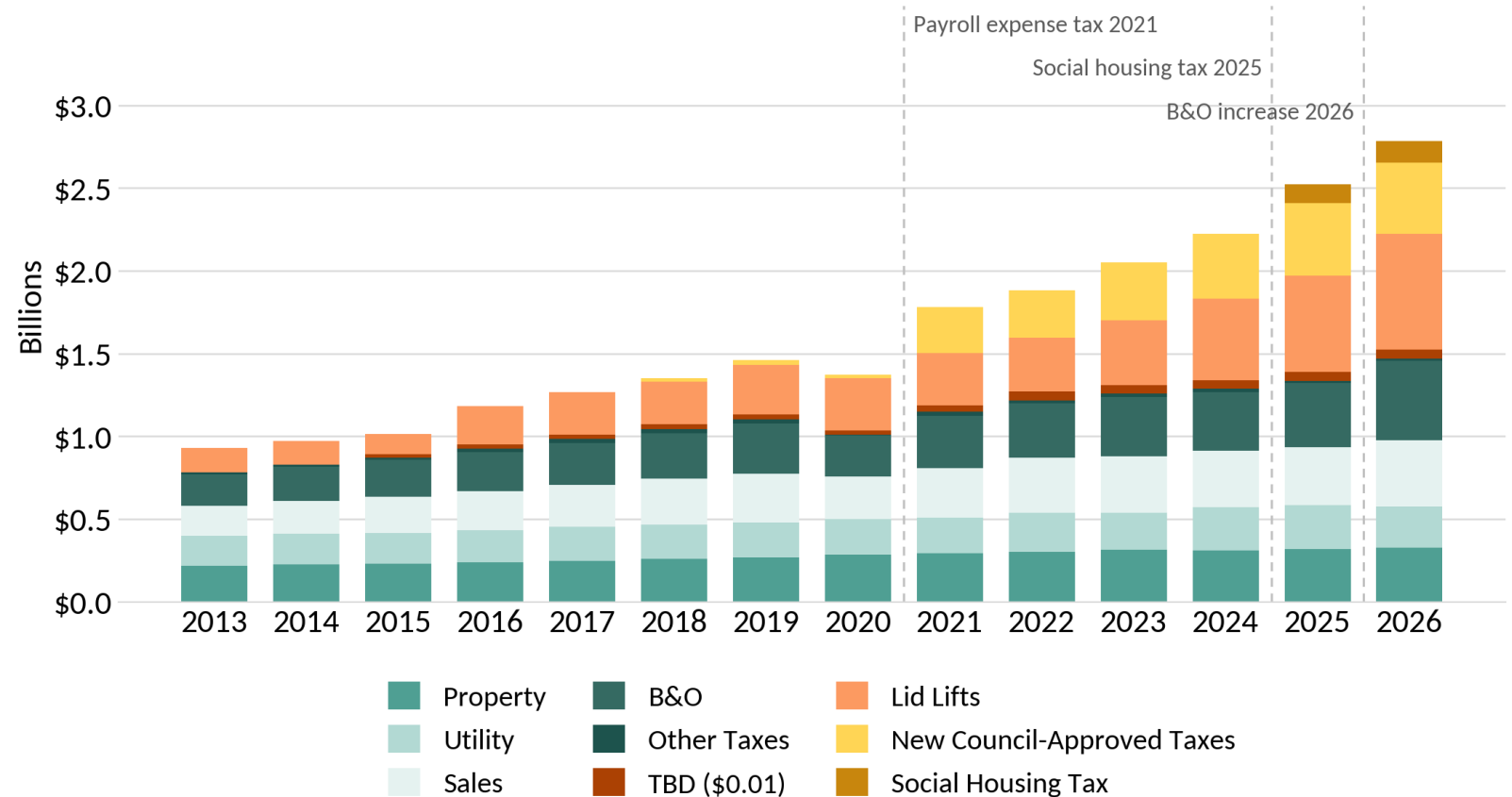
- Taxes ↑ **172%**
- Taxes, adjusted for inflation ↑ **81%**
- Population ↑ **31%**
- Employment ↑ **23%**
- Inflation ↑ 50%



Total Tax Composition

City of Seattle Total Fund Tax Composition

- Total tax collections roughly **tripled**, from about \$0.9B in 2013 to \$2.8B in 2026.
- Growth reflects a larger local economy, **higher rates** on existing taxes (B&O, 2026), and **new taxes on new bases** (payroll expense, social housing).
- Core taxes: property, sales, B&O, and utility taxes that fund general fund and other core services.
- Broad-based core taxes fell from **83%** of collections in 2013 to **52%** in 2026.



Sources: City of Seattle, Office of Economic and Revenue Forecasts, Department of Revenue, King County Assessor's Office 2026; Seattle Social Housing PDA. Data notes: New Council-approved taxes include short-term rental (2019), sweetened beverage (2018), and payroll expense (2020) taxes. Social housing tax (Proposition 1A, 2025) is voter-approved. Utility taxes includes utility and interfund taxes. Figures are nominal (not inflation-adjusted).

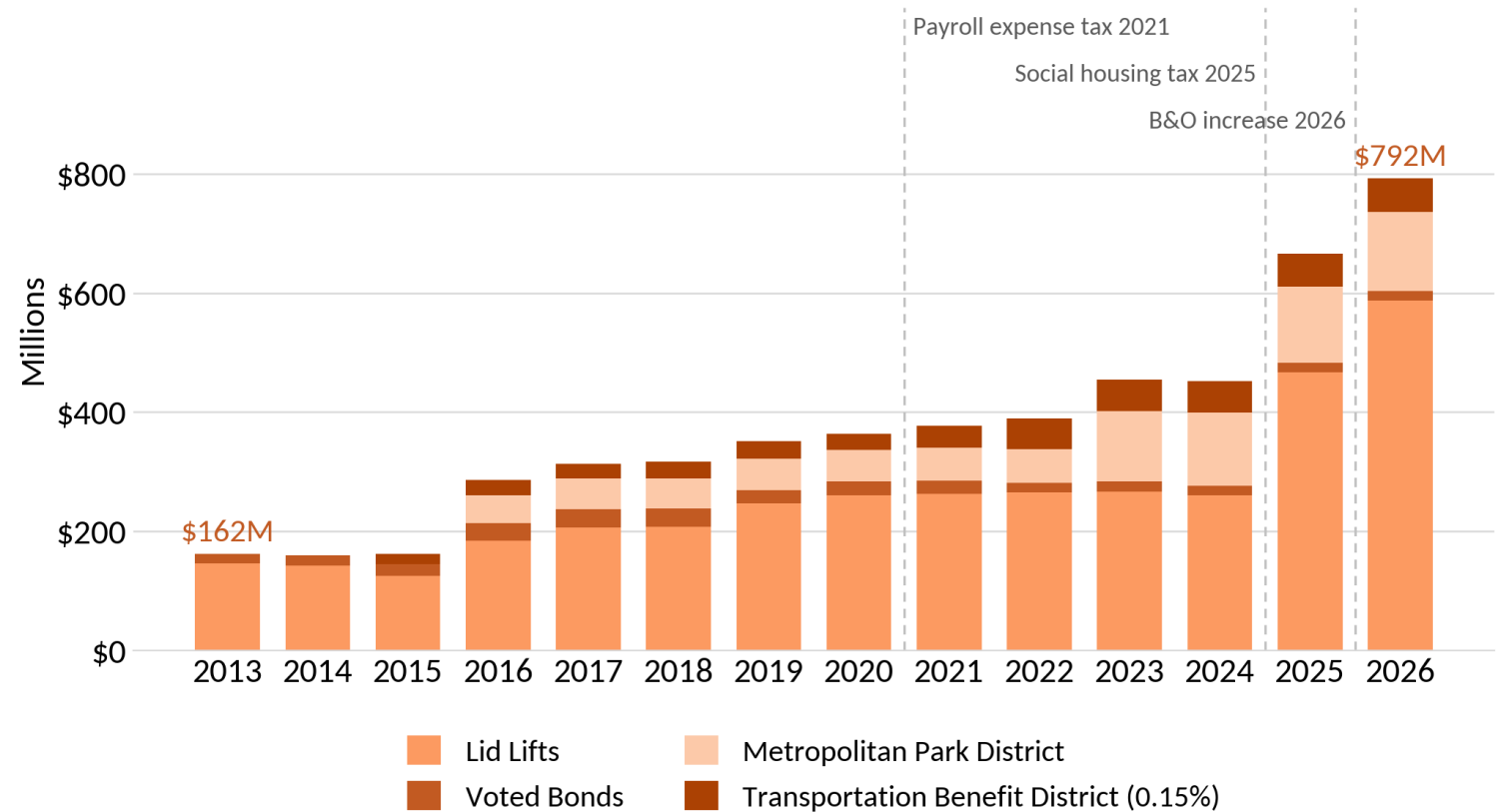
Voter-Approved Taxes on Broad Tax Bases

Voters approved lid lifts, bonded levies, the Metropolitan Park District and the Transportation Benefit District. Every one is levied on property or on retail sales.

These reach every property owner and every shopper in the city, so the burden spreads across hundreds of thousands of payers.

Voter-approved taxes reach \$792 million in 2026, up from \$162 million in 2013.

Voter-Approved Taxes on Broad Tax Bases, 2013 - 2026



Sources: Washington Department of Revenue levy detail; King County Assessor; City of Seattle. DOR through 2025, Assessor for 2026. Figures are nominal.

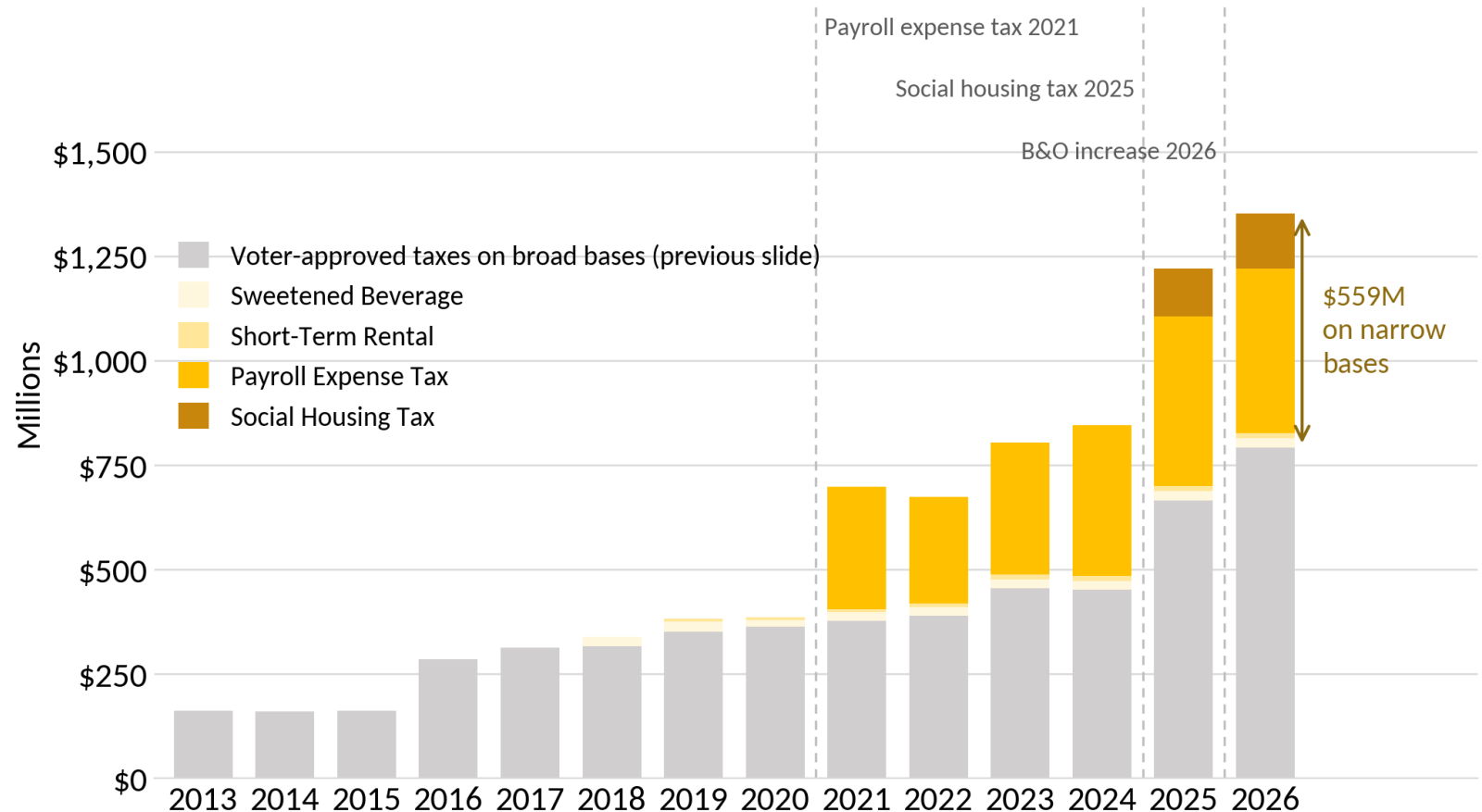
New Taxes on Very Narrow Tax Bases

Narrow-Base Taxes Added on Top of the Broad Base 2013 - 2025 Actuals, 2026 Adopted Budget

Since 2021 the growth has come from a different kind of tax from both Council and voters.

- Payroll expense tax (2021): paid by fewer than 500 companies.
- Social housing tax (2025): about 220 taxpayers.
- Together they reach \$525 million in 2026, 94% of all the new non-property taxes.
- The sweetened beverage and short-term rental taxes are small by comparison.

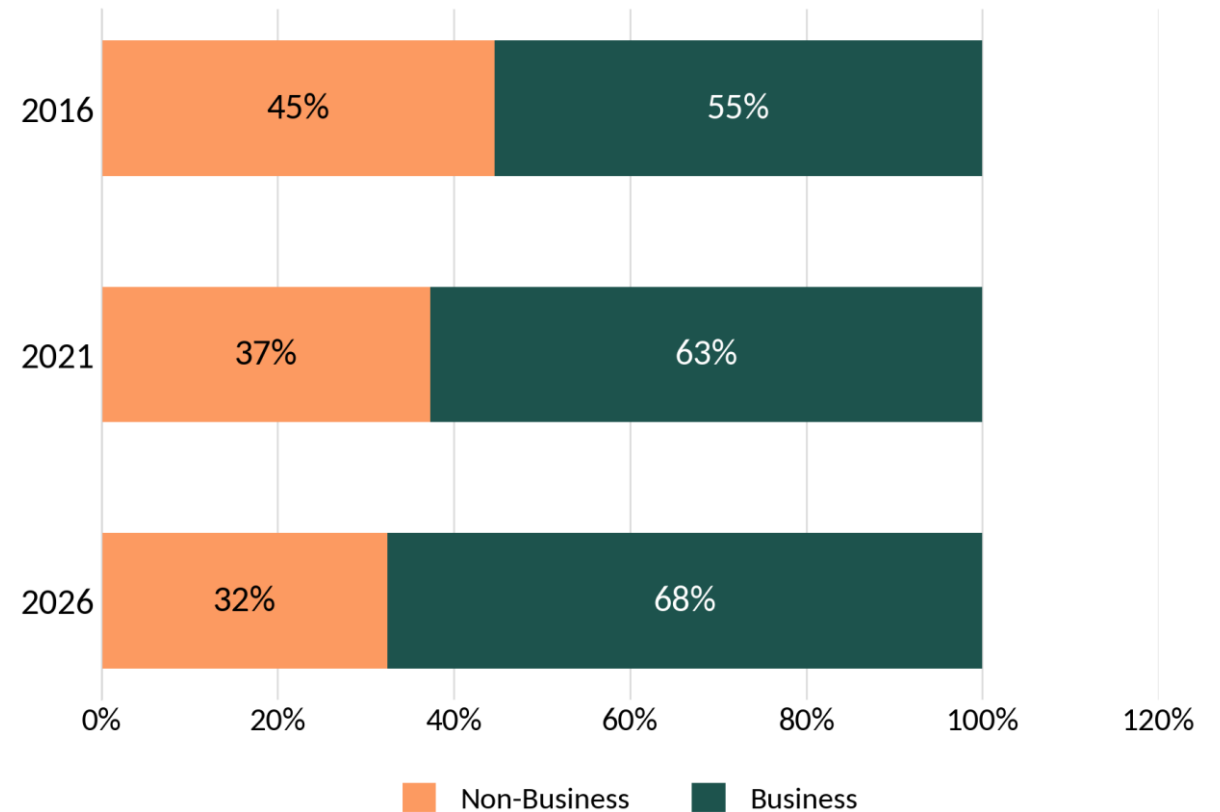
Note: Grey is the broad base from the previous slide, carried forward.



Business Tax Incidence

Business & Non-Business Tax Incidence
2016, 2021, 2026 (Budgeted)

- In 2016, businesses paid about **55%** of taxes.
- **2021** marked a turning point with the payroll expense tax, and the **2025** social housing tax pushed the share higher again.

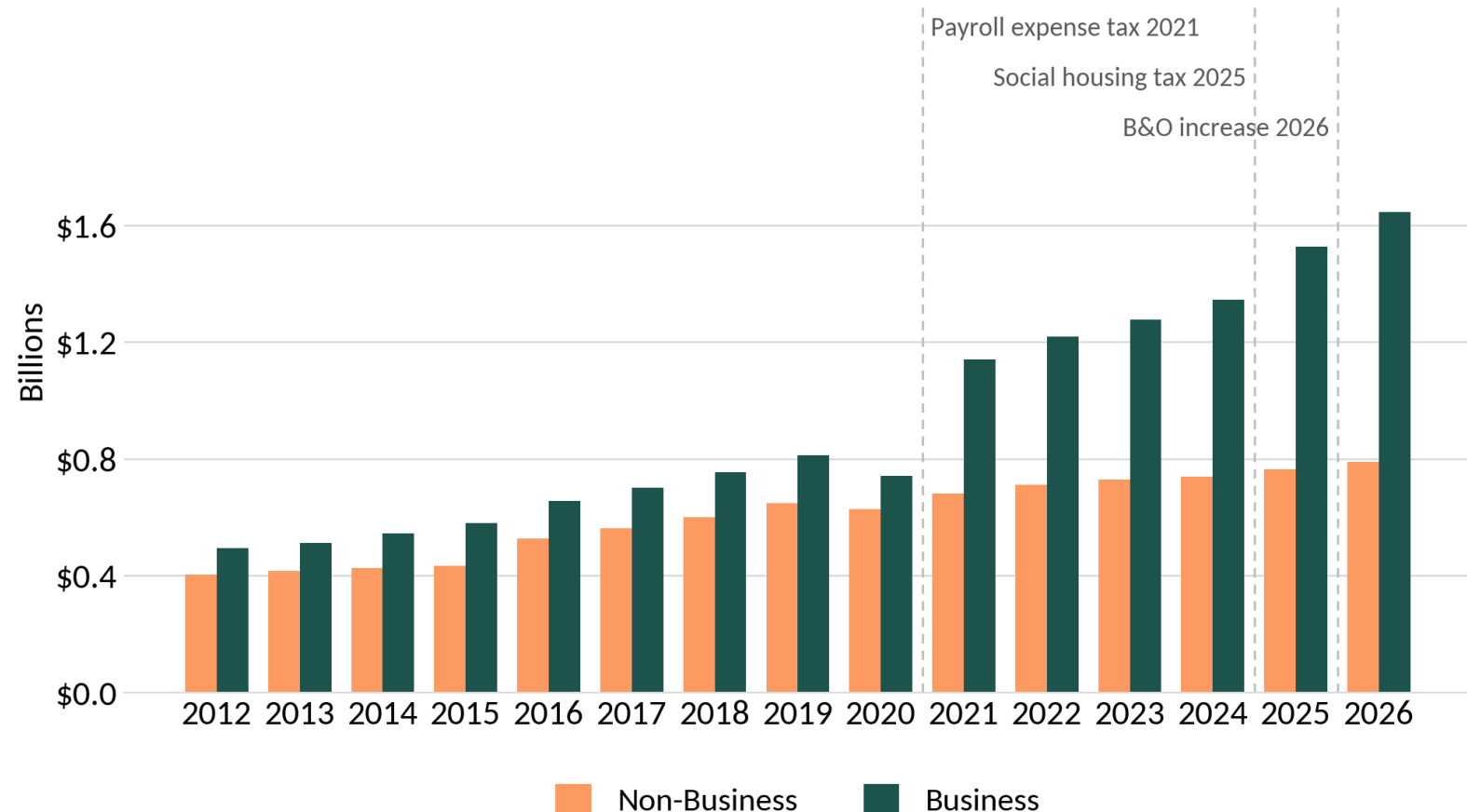


Estimated Incidence of City Taxes

Estimated Incidence of City of Seattle Taxes, 2012 - 2026

The payroll expense tax (2021), the social housing tax (2025) and the Seattle Shield B&O increase (2026) have shifted the balance between business and non-business taxpayers.

Business taxes rose from \$0.66B in 2016 to \$1.65B in 2026; non-business taxes rose from \$0.53B to \$0.79B.



Taxes per Employee vs. per Resident

City of Seattle Business Taxes per Employee and Non-Business Taxes per Resident, 2012 – 2026

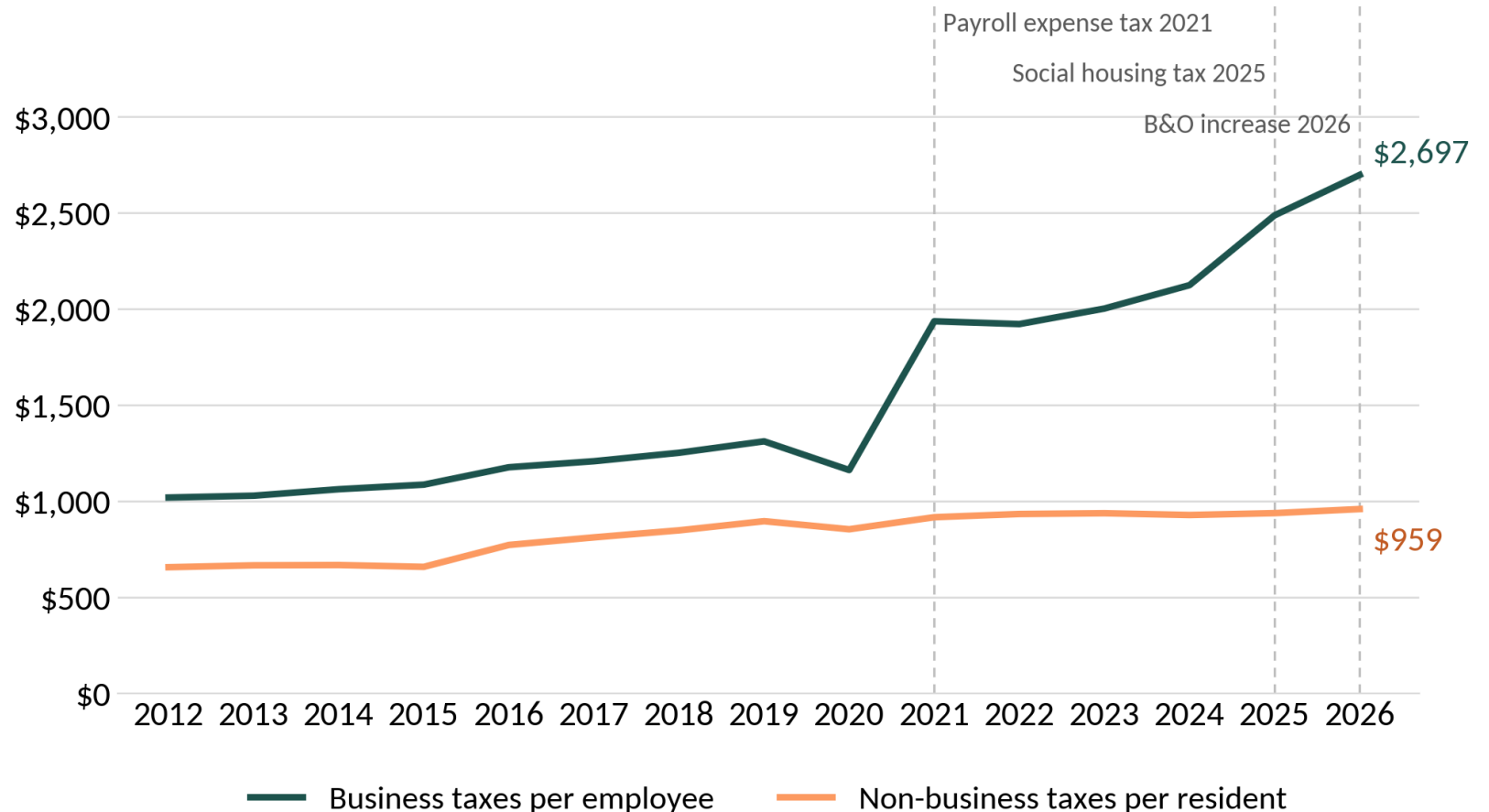
Seattle collects **\$2,700** in business taxes per employee in 2026, against **\$959** in non-business taxes per resident.

That ratio, per employee against per resident, widened from **1.5x** in 2012 to **2.8x** in 2026.

Three steps drove it: the **payroll expense tax** (2021), the **social housing tax** (2025), and the **Seattle Shield B&O increase** (2026).

B&O adds **\$91 million** of the \$118 million rise in business taxes in 2026.

Employment likely **falls in 2026**, so the ratio rises even without new tax revenue.

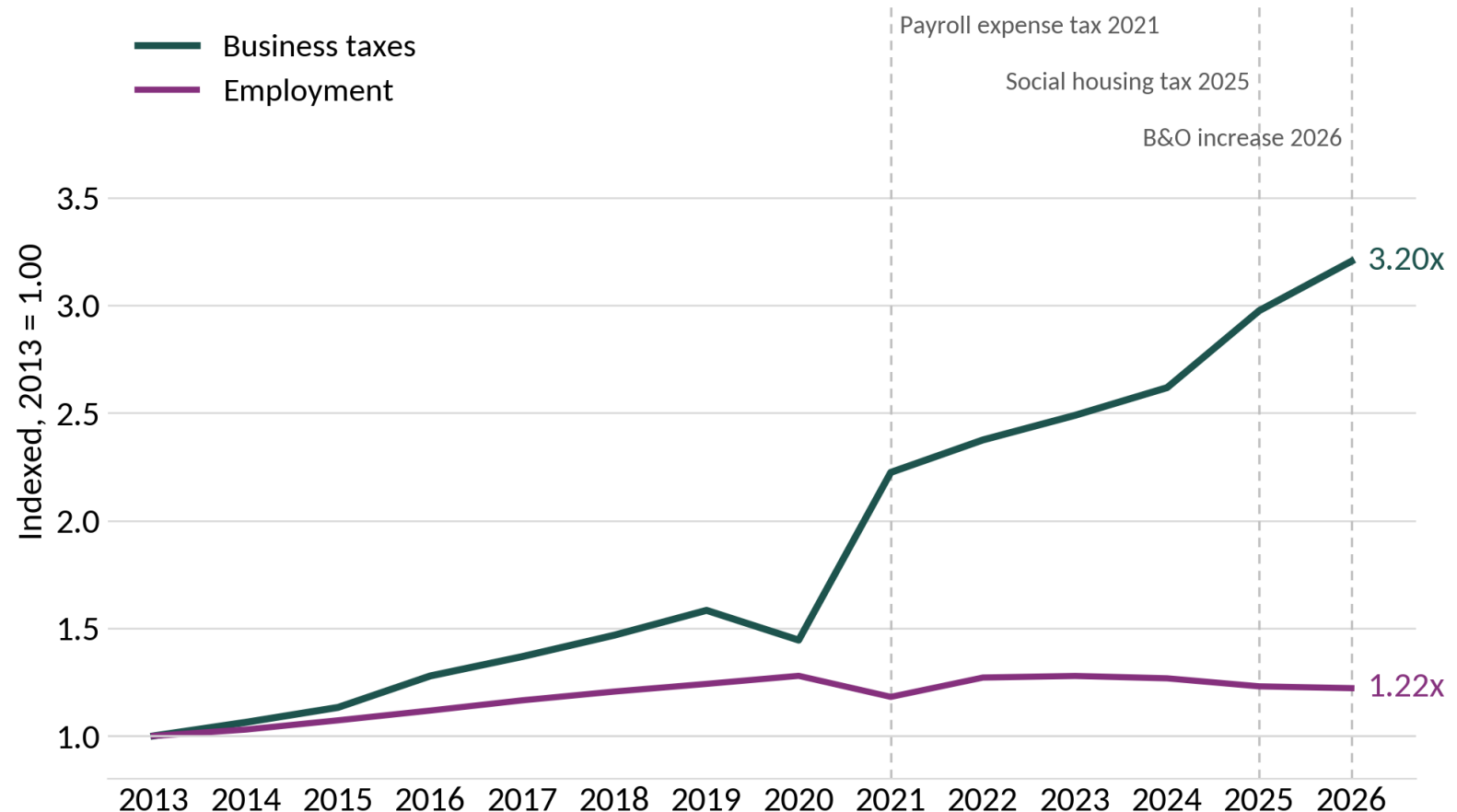


Business Taxes Have Left Jobs Behind

Business Taxes and Seattle Employment, Indexed to 2013 = 1.00

The two tracked loosely until 2021. Since the payroll expense tax they have moved apart, and the gap widens again in 2026 with the social housing tax and the Seattle Shield B&O increase.

The tax base no longer grows with the thing it taxes.



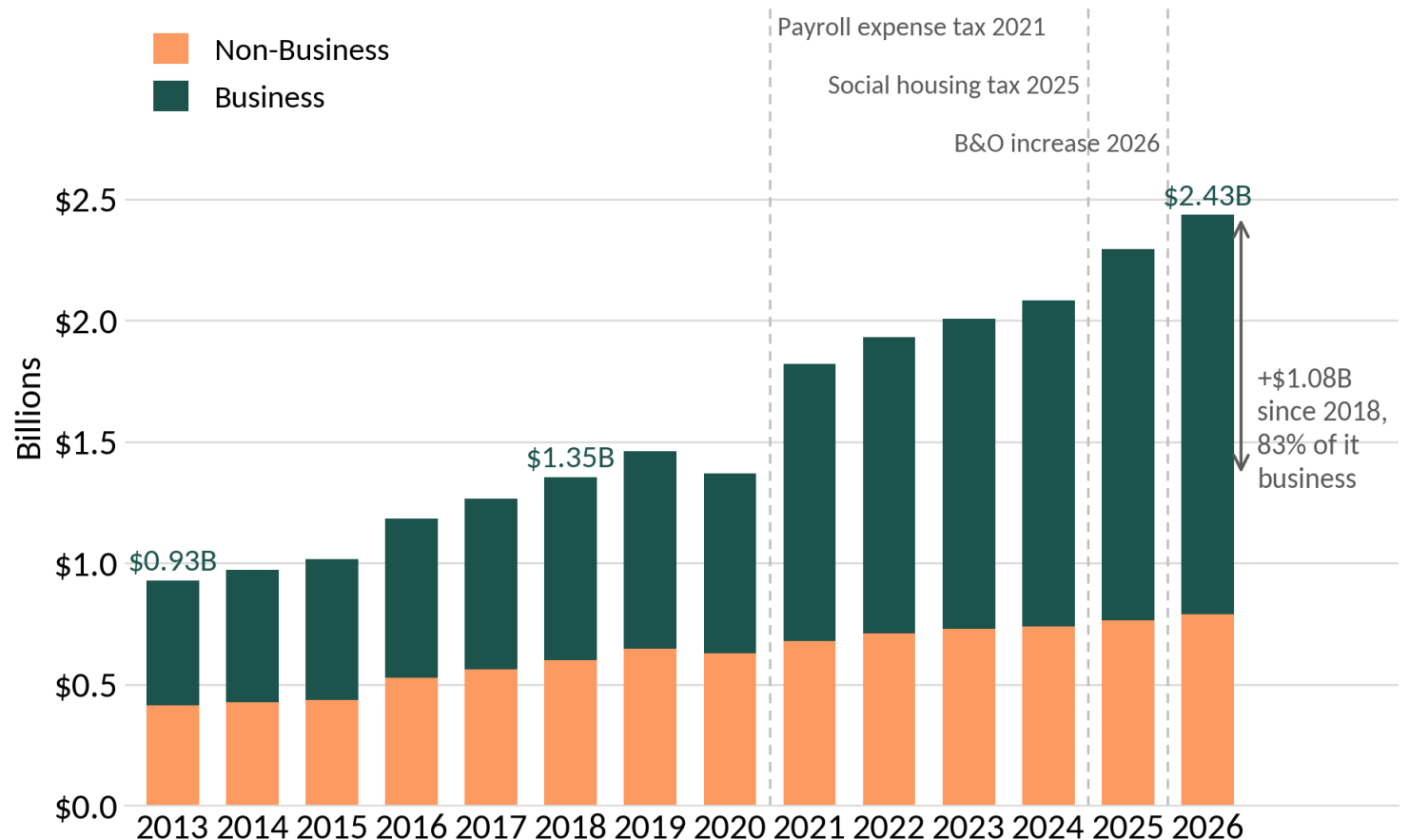
Where the Growth Has Landed

Business taxes account for \$892 million of the growth since 2018, or 83%.

Non-business taxes grew \$189 million.

Business taxes are 2.18 times their 2018 level; non-business taxes 1.32 times.

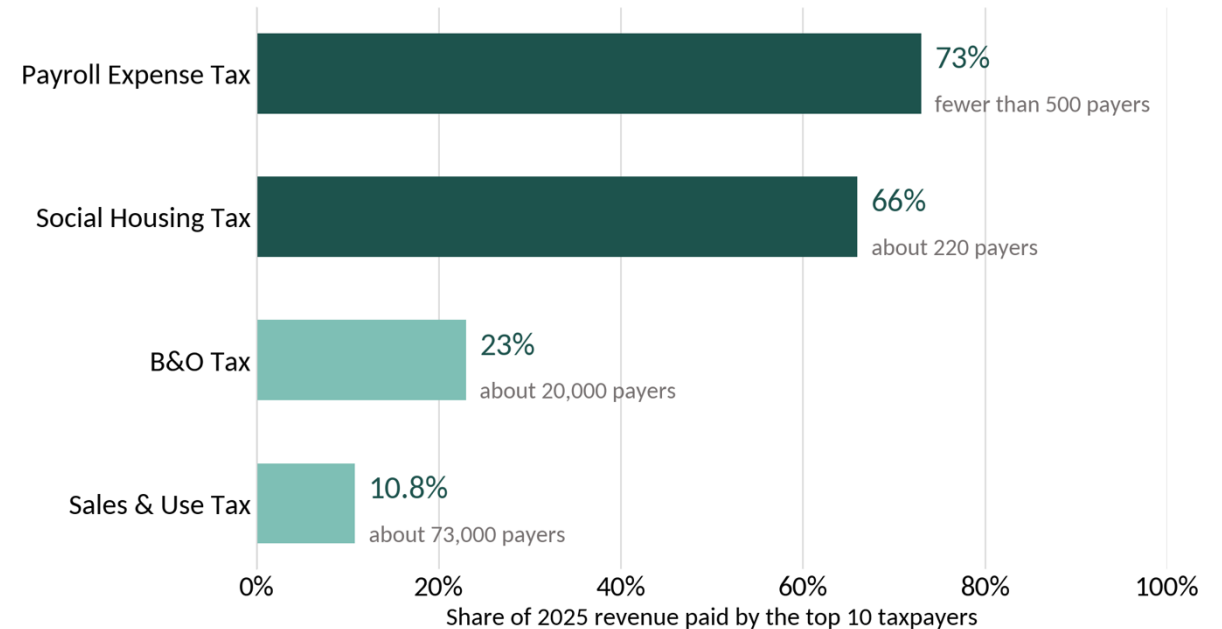
Total City Taxes by Payer, 2013 - 2026



Who Pays the Narrow Taxes

- Fewer than **500 companies** pay the payroll expense tax. Its top 10 payers account for **73%** of it, and the top 100 for 93%.
- About **220 taxpayers** reported a 2025 social housing tax obligation. The top 10 account for **66%**, the top 50 for 90%.

Concentration of Seattle's Tax Base
Share of 2025 revenue paid by the top 10 taxpayers



Top 10 Payers Against All Business Taxes, 2025

- Two taxes that did not exist five years ago now carry **a third** of every business tax dollar the City collects.
- Their ten largest payers alone carry **23%**.
- The two top-10 lists overlap, so **fewer than 20 firms** stand behind roughly \$356 million of annual City revenue.

Payroll Expense and Social Housing Taxes Against All Business Taxes

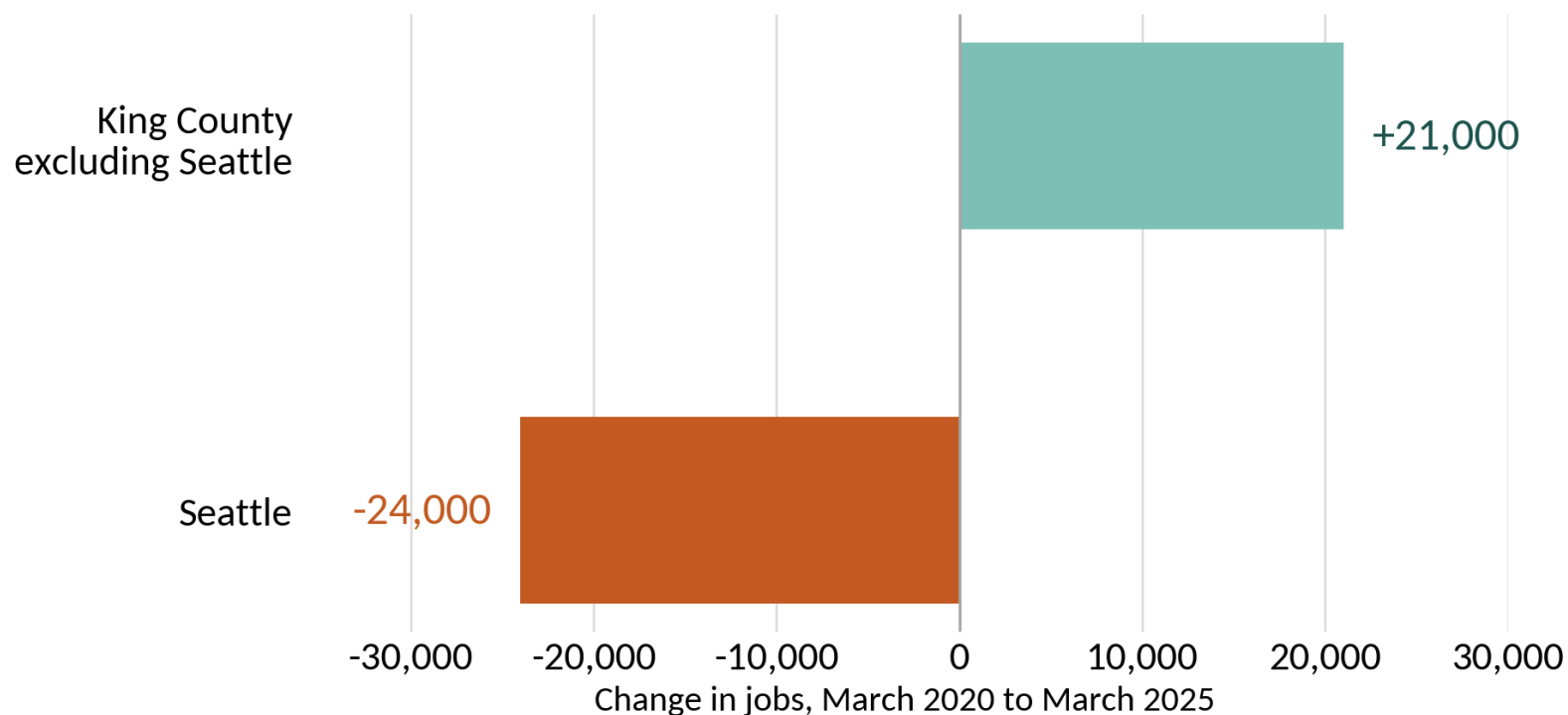
	2025 revenue	Paid by top 10	% of all business taxes
Payroll expense tax	\$405.9M	\$280.0M (73%)	18.3%
Social housing tax	\$115.0M	\$75.9M (66%)	5.0%
Combined	\$520.9M	\$355.9M	23.3%
All business taxes, 2025	\$1,527.4M		

Jobs Are Leaving Seattle, Not the Region

Change in Jobs, March 2020 to March 2025

Seattle lost roughly 18,000 jobs in the single year to March 2025, and none of this yet reflects the Amazon, Microsoft and Meta layoffs announced in 2025 and 2026.

The narrow tax base is tied to the part of the city that is shrinking.



Key Takeaways

Seattle built its tax system to ride economic growth. That growth has slowed, but the tax load has not.

Taxes rose **172%** between 2013 and 2025 while employment grew **23%** and population **31%**.

The base has narrowed. Broad taxes fell from **83%** of collections in 2013 to **52%** in 2026, and **83%** of the growth since 2018 falls on business.

The newest taxes rest on a few hundred firms: fewer than **500** pay the payroll expense tax, about **220** pay the social housing tax, and the ten largest payers account for most of each.

Seattle lost about **24,000 jobs** while the rest of King County gained **21,000**. Service delivery now depends on a narrow and shrinking slice of the regional economy.



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IMPACT THROUGH INSIGHT

www.econw.com

PORTLAND, OREGON
Power + Light Building
920 SW 6th Ave, Suite 1400
Portland, OR 97204
503-222-6060

WASHINGTON
Park Place
1200 Sixth Avenue, Suite 615
Seattle, WA 98101
206-823-3060

CALIFORNIA
9415 Culver Blvd
#248
Culver City, CA 90232
213-218-6740

BEND, OREGON
2863 NW Crossing Drive,
Suite 100
Bend, OR 97703
458-202-9016

DENVER, COLORADO
1200 17th Street
Floor 10
Denver, CO 80202