



City of Seattle
Mayor Jenny A. Durkan

July 30, 2021

Monica Martinez Simmons
Seattle City Clerk
600 4th Avenue, 3rd Floor
Seattle, WA 98124

Dear Ms. Martinez Simmons,

I have returned Council Bill 120118 unsigned, understanding it will become law. This legislation creates a separate fund to manage the revenues and expenditures of payroll tax revenues and provides specific categories for expenditures. The areas the bill prioritizes are shared priorities, but this is not the way to accomplish them and could undermine other critical priorities like homelessness, small business supports and Covid relief.

On July 9, City Budget Director Ben Noble wrote an email to the Council outlining a number of technical and substantive concerns with the legislation. While a later amendment cleaned up one of the technical concerns, it did not address the two largest problems with this legislation:

First, the legislation purports to control budget decisions in years to come, when our budget history demonstrates the importance of flexibility and the obligation of every elected official to make budget decisions for any year based on the priorities, demands, emergencies and revenues for that year. This is very evident given our own budget realities and unforeseen pressing emergencies of the last two years. And we still have significant uncertainty with COVID-19 and our economic recovery. Cases of COVID-19 variants are spiking across the country and the world, threatening the fragile economy, leaving future existing revenue sources unstable. We also do not know what response may be necessary should the local case numbers rise and threaten reopening plans. So called “dedicated funds” rarely work well in challenging times (witness the commercial parking tax, the admissions tax and the sweetened beverage tax) and it is misleading to the public that the so-called jump start fund will be used for the outlined purposes in to the future

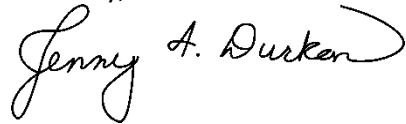
Second, there are a series of shared spending priorities potentially using one time funds that may need to be addressed in the 2022 budget including new collective bargaining agreements with city unions, COVID-19 assistance, economic recovery, BIPOC investments, homelessness, and alternatives to policing. For example, in 2018, the City was spending \$70 million on homelessness and is now surpassing \$200 million. At the same time, we have made significant investments to address the economic needs of our residents during COVID-19 including small business support, food stability, rental assistance and

other COVID responses that we may need to continue into next year. The Council’s fall budget process, which will begin in just two months, provides the natural forum for such considerations.

Third, a future Mayor and Council may wish to continue to fund all of these priorities after the public health emergency is over, and financial assistance from the state and federal government are no longer available. This legislation’s attempt to bind the use of future revenues constrains one potential funding source that could be used to sustain these critical investments or respond to the needs of residents. Such an action should not be taken in isolation of considering the full set of demands being placed upon the City’s financial resources, and a comprehensive review of both current and emerging priorities.

I share the intent to deliver a budget for 2022 that reflects shared goals of funding housing, the Equitable Development Initiative, Green New Deal, and economic revitalization, and believe the Council will share the intent to continue funding our other shared priorities, including COVID-19 response, homelessness, BIPOC investments, economic recovery, and supporting our city workers. With that in mind, I am returning the bill unsigned.

Sincerely,

A handwritten signature in black ink that reads "Jenny A. Durkan". The signature is written in a cursive style with a large, sweeping flourish at the end.

Jenny A. Durkan
Mayor of Seattle