



Legislation Text

File #: Res 31747, Version: 2

CITY OF SEATTLE

RESOLUTION _____

A RESOLUTION expressing the City of Seattle's intent to adopt a progressive income tax targeting high-income households

WHEREAS, Seattle is a growing and prosperous city that can offer great schools, good jobs, and healthy communities for all, and yet our City faces many urgent challenges, including a homelessness state of emergency, an affordable housing crisis, overcrowded classrooms, education equity and racial achievement gaps, inadequate provision of mental health services, and severe traffic congestion; and

WHEREAS, taxes are required to support the basic functions of municipal government, and the tax code is as much an expression of our values as are the public goods and services we choose to fund with the resulting revenue; and

WHEREAS, in Washington State, according to the Institute on Taxation and Economic Policy (ITEP), households with incomes below \$21,000 paid on average 16.8% of their income in state and local taxes in 2015, whereas households with income in excess of \$500,000 paid only 2.4%, making Washington State's tax code the most regressive in the nation; and

WHEREAS, our state and local governments have been unduly and unnecessarily reliant on sales tax, property tax, business and occupation tax, and other regressive taxes; and

WHEREAS, our upside-down tax system deepens poverty, diminishes opportunity for low and middle-income families, disproportionately harms communities of color, hinders efforts toward establishing a more equitable city, and protects and reinforces the privilege of the wealthy; and

WHEREAS, without progressive revenue tools, Seattle is in a weak position to respond to federal budget cuts

proposed by the Trump administration, which could eliminate millions of dollars per year from Seattle's budget for housing and human services and hundreds of millions from regional transit projects; and

WHEREAS, Seattle's robust economic growth has created significant wealth and opportunity, but has also exacerbated the housing affordability crisis, which is compounding the financial strain on low- and middle-income households; and

WHEREAS, the City of Seattle can pioneer a legal pathway and build political momentum to enable the State of Washington and other local municipalities to put in place progressive tax systems; and

WHEREAS, the "Trump Proof Seattle" Coalition has called for a 1.5% tax on adjusted gross income in excess of \$250,000 per year, estimating that this would raise over \$125,000,000 per year in the City of Seattle; and

WHEREAS, revenue from such a systemic change in taxation could be dedicated to lowering the property tax burden and the impact of other regressive taxes; replacing federal funding potentially lost through Trump budget cuts; and providing public services, including housing, education, and transit; creating green jobs and meeting carbon reduction goals; and

WHEREAS, in 2010 Seattle residents voted by a 63% majority in support of imposing a state-wide income tax on high-income households; and

WHEREAS, as there are no cities or counties currently imposing an income tax in a state that does not also impose an income tax, the City of Seattle would need to establish an administrative mechanism to ensure the accurate and enforceable collection of income tax revenues; and

WHEREAS, these circumstances underscore the need for care in writing such an ordinance, and also for urgency in passing it, so that this vital new revenue tool be available as soon as possible; NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE MAYOR CONCURRING, THAT:

Section 1. The Seattle City Council intends to begin consideration of a progressive income tax ordinance by May 31, 2017, with the goal of Full Council passage by July 10, 2017.

Section 2. The Council, Executive, the City Attorney, and members of the Trump Proof Seattle Coalition will work together to craft the ordinance, and may engage outside legal counsel as needed.

Section 3. Components of this legislation that need to be determined include:

- a. What types of income can and will be taxed;
- b. The threshold above which income is taxed, and/or below which households are exempted from the tax;
- c. At what rate (s) income is taxed;
- d. The details of the distribution of the revenue so raised; and
- e. The administrative mechanisms to ensure the accurate and enforceable collection of income tax revenues.

Section 4. The guiding principle in crafting this legislation will be to chart the strongest possible progressive income tax model, to exercise fully the City's local authority, and to provide robust progressive revenue tools for municipalities throughout Washington State. In making decisions about the aforementioned components of legislation, legal viability will be the primary consideration.

Adopted by the City Council the _____ day of _____, 2017, and signed by me in open session in authentication of its adoption this _____ day of _____, 2017.

President _____ of the City Council

The Mayor concurred the _____ day of _____, 2017.

Edward B. Murray, Mayor

Filed by me this _____ day of _____, 2017.

Monica Martinez Simmons, City Clerk

(Seal)