

The Dirty Dozen: 12 FALSE Reasons Why the Seattle Income Tax is a Disaster

1. WASHINGTON STATE REPUBLICANS SAY - It's unconstitutional and violates state law: Article VII of the Washington constitution stipulates that all taxes must be "uniform upon the same class of property." A Seattle income tax would be in violation of the constitution's uniformity clause. (Washington Constitution Art. 7, Sec.
2. WASHINGTON STATE REPUBLICANS SAY - State law prohibits individual localities from adopting taxes on income. (RCW 36.65.030)
3. WASHINGTON STATE REPUBLICANS SAY - The Seattle Council does not have an express grant of authority to levy an income tax. (King County v. City of Algona, 101 Wn.2d 789, 791, 681 P.2d 1281)

My Response to 1,2, 3 above: We've worked with the law department and outside legal counsel to draft this ordinance and expect the courts to uphold it.

4. WASHINGTON STATE REPUBLICANS SAY - It's against the will of the voters: Nine times the voters of the state have overwhelmingly rejected an income tax.

My Response: Seattle voters were 63% in support of a high-income tax in 2010, 66% support it in a KING5 poll.

5. WASHINGTON STATE REPUBLICANS SAY - Voters know that the income tax on higher earners (the few) is a slippery slope to an income tax on the middle class (the majority)—a risk voters specifically rejected in 2010.

My Response: The purpose of this tax is to begin to make our tax structure more fair and equitable. Low-income families must work into March to pay for their annual local and state taxes, while wealthy families are all done by January 6th. This income tax on the affluent, and solely the affluent, begins to address this inequity.

6. WASHINGTON STATE REPUBLICANS SAY - It's an invasion of privacy and ripe for abuse: ALL residents would be required to report their income to local "IRS-style" bureaucrats, who may be their neighbors—an invasion of privacy and susceptible to government "anonymous leaks" of their private information.

My Response: This is categorically false. Only households that meet the income thresholds will be required to file, approximately 10,000 filers. The law clearly states this. Seattle's Finance and Administrative Services administers taxes to over 50,000 businesses, and is bound by strict confidentiality laws.

7. WASHINGTON STATE REPUBLICANS SAY - It's costly and wasteful spending: This scheme is intended to force an income tax on the entire state by moving the bill through the judicial system to the State Supreme Court. With no guarantees of overturning the state constitution, litigation costs would run to the \$multi-millions.

My Response: The cost to implement this tax is an efficient use of public dollars. I will minimize spending for administration until Seattle gets a decision from the courts in response to potential lawsuits.

8. WASHINGTON STATE REPUBLICANS SAY - A giant "IRS" bureaucracy to administer the income tax compliance and collection would cost (by their own estimates) \$20million but would likely be much higher.

My Response: Estimates for administration are \$5-6 million annually with \$10-13 in one-time information technology costs. Every government spends money to collect taxes. No private business can invest \$15 million and receive \$140 million in return. That is what the Seattle income tax does.

9. WASHINGTON STATE REPUBLICANS SAY - It's unfair to the already overtaxed citizens of Seattle: The past four years, Seattle government's budget has ballooned by 35%, more than 8% per year average when inflation was less than 2% — a spending increase of \$2000 per resident.

My Response: Washington has one of the most inadequate tax systems in the nation. Between 1995 and 2014, our state and local effective tax rate fell from 11.4% (the eleventh highest in the nation) to 9.4% (the thirty-sixth highest). No other state experienced a greater decline over this period. If our effective tax rate had equaled the 10.5 percent national norm in each year from 2005 to 2014, Washington state and local governments would have collected an additional \$23 billion in tax revenue. From 2007 to 2016, Seattle's population increased by 17.3%; its general fund tax revenues increased by 17.4%

10. WASHINGTON STATE REPUBLICANS SAY - Even as property taxes, sales taxes, user taxes and car tabs have risen, citizens see problems such as homelessness, addiction, roads, traffic, housing and crime devastating our communities. Why give more of our money to be so poorly and inefficiently spent?

My Response: The City will use using proceeds from this income tax on the affluent to reduce some of these regressive taxes. Costs to provide public service are up. Public services don't fall out of the sky.

11. WASHINGTON STATE REPUBLICANS SAY - Washington citizens already pay more per capita in taxes than almost every state in the country except the urban Northeast and California. With an income tax, jobs flee to lower-tax locations.

My Response: Washington resident pay more per capita than in other states because the wealthy in Washington State pay less per capita in taxes than forty-five other states. If we want to reduce the amount Washington residents pay per capita, we must fix this. Jobs are coming to Seattle, and to Washington State. Seattle is [leading the nation in population growth](#), adding 57 residents every day. [Washington State is 5th in the country](#) in job growth over the last year, increasing employment by 2.4%. By contrast, Kansas has the 4th worst job growth percentage in the country—losing jobs over the last year - despite huge tax cuts. Seattle [leads the nation in construction cranes](#) building new buildings because of economic growth.

12. WASHINGTON STATE REPUBLICANS SAY - Where "millionaire taxes" have been implemented across the country, millionaires move to more tax friendly cities, but the working class can't move so easily. Detroit, anyone?

My Response: A recent 13-year study from Stanford University and the US Department of Treasury shows that millionaires do not move because of income taxes. 2.4% move annually, which is lower than the 2.9% for the general population, and 4.5% for those who earn around \$10,000. Every state but seven have State income taxes and more than 4,000 jurisdictions have taxes on local income.