



Written by [Raven Clabough](#) on June 13, 2018

Seattle Repeals Job-killing Head Tax One Month After Passing It

Just one month after Seattle voted unanimously to pass a head tax on businesses such as Starbucks and Amazon, the City Council repealed it by a vote of 7-2, noting that the head tax (not surprisingly) hurts businesses.

The head tax added a tax of \$275 per employee per year on businesses that earned more than \$20 million annually. For a company such as Amazon, that amounted to a \$12 million annual tax burden, according to NPR. The original tax plan was even worse, calling for a head tax of \$500 per employee.

The city had hoped to see revenues of approximately \$47 million per year beginning in 2019, which was to be used to address Seattle's ongoing homelessness.

However, a grassroots campaign opposed to the new tax mobilized quickly and with enough strength to force the City Council to reconsider the tax.

"This has touched a nerve with everybody," said Louise Chernin, president of the Greater Seattle Business Association.

A business-backed campaign for a referendum on the head tax on the November ballot raised more than \$350,000 in pledges, the *Seattle Times* reported, and boasted more than 2,000 volunteers, both Republican and Democrat.

Critics of the tax argued that it would force businesses to raise prices, while others were concerned about the lack of specific details on how the council planned to use the revenue, noting that the city already wastes money on failing programs for the homeless.

"Seattle has plenty of money, but we're spending a lot of it on overhead and on programs that aren't helping," said Elisabeth James, a volunteer signature collector, told the *Seattle Times*.

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According to the Associated Press, Seattle spent \$68 million to fight homelessness in 2017. Funding does not appear to be the problem. Instead, it seems the city has depleted its general fund and failed to budget for future expenditures. As such, KUOW reports that it was misleading for the city to claim that the revenues raised through the head tax would have been "extra money for homelessness." The news site continued,

It's possible the money wouldn't have been extra: It could have plugged a future hole in the budget instead. Seattle had already been [spending money from its construction boom](#) on homelessness. With a depleted general fund projected to sink into the red, the city needed to find money just to stay afloat.





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Other critics claimed that the city was focused on helping the wrong people with the revenue it expected to earn from the head tax.

“I’m highly sympathetic to people out of work with kids,” said John Holm, a Ballard resident who signed James’ petition. “Not those people in tents, crapping on my street, dropping needles.”

The tax was the brain child of self-proclaimed socialist city councilwoman Kshama Sawant, who remains an adamant supporter of the tax despite the rampant public backlash. Sawant and Councilwoman Teresa Mosqueda were the two “no” votes on the repeal.

“We have people who are dying on the doorsteps of prosperity, and our neighbors and friends worry about being able to afford to live in the city while we have a booming economy,” Mosqueda said in a statement.

Pro-tax activists launched their own campaign against the referendum efforts. Groups such as Socialist Alternative and Bring Seattle Home set up locations throughout the city near the referendum’s signature collectors to pounce on signers and make sure that the pro-tax voices are also heard.

Supporters of the tax blamed big businesses such as Amazon for the city’s homelessness, while those opposed to the tax view the City Council as the problem.

“The people signing these ... I never can quite figure out where they think all this has come from,” remarked Bring Seattle Home volunteer Sue Hodes, referring to the homelessness crisis. “I think they blame it all on the City Council.”

But those opposed to the tax called it a “tax on job creation.”

“From day one, the Seattle Metro Chamber has been clear that a tax on jobs is not the way to address the regional homelessness crisis,” Seattle’s Chamber of Commerce President and CEO Marilyn Strickland said [in a statement](#) Monday.

While some councilmembers continued to support the measure, they conceded on Tuesday that it was not worth a costly battle if so many businesses were opposed to it.

Councilwoman Lisa Herbold said that her repeal vote was “counter to my values as a person,” but that she recognized the city did not have the time or resources to “change enough minds.”

Seattle Mayor Jenny Durkan voiced similar sentiments as she begrudgingly agreed to sign the repeal into law. “Instead of engaging in a prolonged, expensive political fight, the City and I will continue to move forward on building real partnerships that align our strategies from business, advocates, philanthropy.”

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