



August 14, 2020

Dear Council President González and Budget Chair Mosqueda,

Prior to your adoption of Seattle's tax on jobs, we expressed grave concern over the economic disadvantage this tax would create for Seattle and the likelihood that the policy would push jobs outside of the city. Yesterday, *Bloomberg News* reported that Amazon is considering office locations outside of Seattle and issued a survey to employees to gauge their interest in working at sites throughout the Puget Sound region ([“Amazon considers relocating some employees outside of Seattle,” Bloomberg News](#)). This news should be deeply concerning to the city and is another early warning of the long-term, damaging impacts that Seattle's tax on jobs will have on recovery, the city's future economic health, and local tax revenues to fund critical municipal services.

The pandemic, and the current wide-spread adoption of remote work, has already demonstrated the disastrous economic impacts of removing tens of thousands of jobs from Seattle's urban core. The results of this necessary action to keep our community healthy has been devastating. Thousands of restaurants, retailers, arts and cultural organizations, personal services, and other small businesses continue to struggle with the absence of a robust, daily downtown worker population. Many small businesses in downtown have sadly announced their permanent closure, including some just this week (attached).

Amazon is one of nearly 800 companies impacted by Seattle's new tax on jobs. While the legislation was cleverly branded by some as the “Amazon Tax,” the truth is that this tax will impact companies and organizations in nearly every sector of Seattle's economy. Should this tax remain in effect, Amazon is just the first of many companies that will make decisions to relocate employees outside of Seattle. We estimate that 70 percent of downtown's 343,000 workers have the ability to work virtually. This means that companies also have the ability to locate these jobs somewhere else. If just 10,000 jobs subject to the city's new payroll tax relocate outside of the city limits, Seattle could lose more than \$37 million in annual worker spending that would otherwise go to Seattle small businesses, not to mention the associated sales tax revenue.

We respectfully urge you to reconsider your decision to impose this tax during the most severe economic crisis to hit Seattle in nearly 100 years. Seattle still faces double-digit unemployment, and employment rates for low-income workers have decreased by 47% since March. Several sectors, including hospitality and arts and culture, remain largely shut down, and the future remains uncertain. With the expiration of federal PPP loans — and continued restrictions on mobility and economic activity in King County — Seattle companies face a scary economic cliff and many unknowns.



What we do know is that Seattle's tax on jobs will bring companies closer to the edge of this cliff and force them to make decisions about their ability to continue to do business in the city. For the long-term economic health of Seattle, and its small businesses, arts and cultural community, and tax structure, we strongly urge you to repeal this tax and work with the state legislature on a plan that doesn't put Seattle at a severe disadvantage for recovery and on a permanent and lonely island economically.

Sincerely,

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