**Resolution to support Councilmembers Licata and Sawant’s Alternative Proposal for Metro Funding**

The 36th District Democrats support the City Councilmembers Nick Licata and Kshama Sawant’s proposal to reestablish the Seattle employee hourly tax and increasing the commercial property tax as a substitute for raising the sales tax as part of the Mayor’s proposal to provide funding to the Metro bus service in order to avoid dramatic cuts in service to Seattle residents in 2015. We believe their approach can improve the Mayor’s proposal by not only saving our bus service and reducing harm to our urban environment, but by doing so without burdening those struggling to find Seattle an affordable city in which to live.

**Description of the Proposal by Councilmember Licata**

We have publically stated that our intent is not to replace the Mayor’s proposed plan. Instead we would swap out the regressive sales tax increase for bringing back the hourly employee tax, referred to as the “head tax”, and increasing the commercial parking tax. The revenue generated by these two would be about the same as the sales tax increase.

The City Council has the authority to implement both without going through our Metropolitan Transit District. It can simply pass both tax measures as it did in 2006. In 2009 the head tax was dropped, but the commercial parking tax continues. Although there were concerns that they would have a negative impact on Seattle businesses, Seattle has continued to be one of the most prosperous cities in America. We see the opportunity to also streamline the head tax, which many found confusing and time consuming to apply. It would not include the prior exemptions and in turn the rate would be reduced by up to 50% for most businesses. The commercial parking tax would go from 12.5% to 17.5%.

Our approach results in a more progressive tax by not increasing the regressive sales tax. According to the Institute on Taxation and Economic Policy’s (a progressive DC-based think tank) latest edition of “Who Pays? A Distributional Analysis of the Tax Systems in All 50 States” Washington State has the nation’s most regressive tax structure. Our sales and excises taxes generate over 61 percent of state and local tax revenue, compared to a national average of only 34 percent.

In addition, sales tax has proven to be an unstable revenue source: the dot-com crash in 2001 reduced sales tax revenue and forced Metro to scale back plans to increase service. In 2009, Metro lost more than 15% of its sales tax base due to the recession.

It is critical that we do more to reduce the number of single occupant vehicle commuters in our city. This is highlighted by findings recently published in the Third National Climate Assessment on the effects of climate change, which reports that right now our changing climate is endangering our lives and the lives of future generations. Funding Metro Transit to meet ridership demand, which has far outpaced demand for all other forms of transit, can significantly reduce vehicle pollution and its related carbon footprint.