

Seattle OKs taxing companies like Amazon to aid the homeless

15 May 2018, by Phuong Le



People fill seats before a Seattle City Council meeting where the council was expected to vote on a "head tax" Monday, May 14, 2018, in Seattle. The council is expected to vote Monday on a proposal to tax large businesses such as Amazon and Starbucks to fight homelessness. The plan would tax large businesses about \$500 a year per worker to raise about \$75 million a year for homeless services and affordable housing. (AP Photo/Elaine Thompson)

Seattle's largest businesses such as Amazon and Starbucks will have to pay a new tax to help fund homeless services and affordable housing under a measure approved by city leaders.

The City Council unanimously passed a compromise plan Monday that taxes businesses making at least \$20 million in gross revenues about \$275 per full-time worker each year—lower than the \$500 per worker initially proposed. The so-called "head tax" would raise roughly \$48 million a year to build new affordable housing units and provide emergency homeless services.

The debate over who should pay to solve a city housing crisis exacerbated by Seattle's rapid economic growth comes after weeks of tense exchanges, raucous meetings and a threat by

Amazon, the city's largest employer, to stop construction planning on a 17-story building near its hometown headquarters.

Amazon, Starbucks and business groups sharply criticized the council's decision after Monday's vote. They called it a tax on jobs and questioned whether city officials were spending current resources effectively. One state Republican lawmaker said he would seek legislation next year to make clear that a city tax on employees, wages or hours is illegal.

Seattle-based Starbucks had harsh words for its hometown leaders. It accused the city of spending without accountability while ignoring that hundreds of children sleep outside.



People fill a hallway before a Seattle City Council meeting where the council was expected to vote on a "head tax" Monday, May 14, 2018, in Seattle. The council is to vote on a proposal to tax large businesses such as Amazon and Starbucks to fight homelessness. The plan would tax large businesses about \$500 a year per worker to raise about \$75 million a year for homeless services and affordable housing. (AP Photo/Elaine Thompson)

"If they cannot provide a warm meal and safe bed to a 5-year-old child, no one believes they will be

able to make housing affordable or address opiate addiction," said John Kelly, Starbucks' senior vice president of global public affairs and social impact.

Worker and church groups and others praised the tax as a step toward building badly needed affordable housing in an affluent city where the income gap continues to widen and lower-income workers are being priced out.

"People are dying on the doorsteps of prosperity. This is the richest city in the state and in a state that has the most regressive tax system in the country," said councilmember Teresa Mosqueda, who wanted a heftier tax. She called the compromise plan "a down payment" to build housing the city needs.

For Seattle's liberal City Council, the discussion centered not so much on whether there should be a head tax but how big it should be. Four bill sponsors initially pitched a tax of \$500 per full-time employee a year but a compromise proposal emerged over the weekend after they could not muster six votes needed to override a potential veto by Mayor Jenny Durkan.

Councilmember Lisa Herbold, a bill sponsor, said the revenue will not be enough to fully address the problem given the city's needs but said it was "the strongest proposal" possible given the veto threat.

Tax proponents have said too many people are suffering on the streets and that the problem is deepening even though city-funded programs found homes for 3,400 people last year. The Seattle region had the third-highest number of homeless people in the U.S. and saw 169 homeless deaths last year. The city spent \$68 million on homelessness last year and plans to spend even more this year. The tax will provide additional revenue.

"This legislation will help us address our homelessness crisis without jeopardizing critical jobs," Durkan said in a statement.

Other cities have put in place similar taxes, but critics have said Seattle's tax could threaten the booming local economy and drive away jobs.



Ami Huntley speaks in favor of a proposed "head tax" at a Seattle City Council Monday, May 14, 2018, in Seattle. The council is expected to vote Monday on a proposal to tax large businesses such as Amazon and Starbucks to fight homelessness. The plan would tax large businesses about \$500 a year per worker to raise about \$75 million a year for homeless services and affordable housing. (AP Photo/Elaine Thompson)



City council members look on as members of the public speak at a Seattle City Council meeting where the council was expected to vote on a "head tax" Monday, May 14, 2018, in Seattle. The council is to vote on a proposal to tax large businesses such as Amazon and Starbucks to fight homelessness. The plan would tax large businesses about \$500 a year per worker to raise about \$75 million a year for homeless services and affordable housing. (AP Photo/Elaine Thompson)

Nearly 600 high-grossing employers—about 3 percent of all Seattle businesses—would pay the tax starting in 2019. Amazon, with 45,000 workers, would take the biggest hit.

The company expressed disappointment with the outcome.

While Amazon has resumed construction planning on the downtown building, company officials "remain apprehensive about the future created by the council's hostile approach and rhetoric toward larger businesses, which forces us to question our growth here," said Drew Herdener, Amazon's vice president for global corporate and operations communications.

He said Seattle "does not have a revenue problem—it has a spending efficiency problem."

business who continues to tell us that they want to be a partner on these issues."

Before the vote, Gonzalez said the city "has an obligation to take care of the people who are surviving and suffering on our city streets."

Shannon Brown, 55, who has been living a tiny home at a south Seattle homeless encampment, said there's simply not enough housing for the city's poorest people.

"I live in a little shed, but it's better than living in a tent or in a sleeping bag on the street," she said. "There's no way I can afford to live in Seattle. I don't understand why businesses think it's wrong to help."



People head in to a Seattle City Council after filling the lobby below before a meeting where the council was expected to vote on a "head tax" Monday, May 14, 2018, in Seattle. The council is to vote on a proposal to tax large businesses such as Amazon and Starbucks to fight homelessness. The plan would tax large businesses about \$500 a year per worker to raise about \$75 million a year for homeless services and affordable housing. (AP Photo/Elaine Thompson)

Councilmember Lorena Gonzalez responded that she was "equally disappointed" with Amazon's reaction to the council's vote and said she thinks "their tone in this message that is clearly hostile toward the city council is not what I expect from a



City council members Sally Bashaw, left, President Bruce Harrell and Mike O'Brien look on as a man testifies at a Seattle City Council meeting where the council was expected to vote on a "head tax" Monday, May 14, 2018, in Seattle. The council is to vote on a proposal to tax large businesses such as Amazon and Starbucks to fight homelessness. The plan would tax large businesses about \$500 a year per worker to raise about \$75 million a year for homeless services and affordable housing. (AP Photo/Elaine Thompson)

John Boufford with the International Union of Painters and Allied Trades said he did not understand the rhetoric against Amazon, which he noted provides good jobs for thousands of people.

"They're driving this economic engine," he said. "I'm confused about why the city of Seattle is fostering

an adversarial relationship with businesses in this city."

begin in 2019 and raise about \$48 million a year to pay for affordable housing and homeless services. (AP Photo/Elaine Thompson)



In this May 9, 2018, file photo, opponents and supporters of a controversial proposal to tax large businesses such as Amazon.com to fund efforts to combat homelessness hold signs as they attend a Seattle City Council committee meeting at City Hall in Seattle. A divided Seattle City Council is set to decide Monday, May 14, 2018, on the proposal to tax large businesses to fight homelessness. (AP Photo/Ted S. Warren, file)

Seattle City Council City President Bruce Harrell, center, speaks as council members Sally Bashaw, left, and Mike O'Brien look on before the council voted to approve a tax on large businesses such as Amazon and Starbucks to fight homelessness, Monday, May 14, 2018, in Seattle. The council on Monday unanimously backed a compromise tax plan that will charge large businesses about \$275 per full-time worker a year. It's lower than the \$500-per-worker tax initially proposed. The tax would begin in 2019 and raise about \$48 million a year to pay for affordable housing and homeless services. (AP Photo/Elaine Thompson)



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Seattle City Council member Debora Juarez, right, speaks as council members Kshama Sawant, left, and Teresa Mosqueda sit nearby before the council voted to approve a tax on large businesses such as Amazon and Starbucks to fight homelessness, Monday, May 14, 2018, in Seattle. The council on Monday unanimously backed a compromise tax plan that will charge large businesses about \$275 per full-time worker a year. It's lower than the \$500-per-worker tax initially proposed. The tax would

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