

Addenda #37 – June 2025

Re: Ch. 9 Modern Monetary Theory – Fueling Unlimited Debt and Dependency, and Control

Ref: Addenda #12 Progressive Democrat cities anti-business policies

‘This is catastrophic’: Seattle payroll tax revenues \$47M short as jobs leave city
KIRO News 7, March 25, 2025

*Seattle Mayor Bruce Harrell released his **payroll expense tax** (PET) report for 2024 Tuesday, and its projections came up nearly \$50 million short. “Today’s announcement that PET revenues collected in 2024 were \$47 million lower than projected requires action to ensure our budget remains balanced,”*

The payroll tax is levied on large corporations in the city, like Amazon and Expedia. Such a steep revenue forecast error suggests high-paying companies or their jobs are leaving the city.

*It’s precisely why KTTH host Jason Rantz called the news “catastrophic” in a **thread on X**. What people haven’t realized yet—but soon will—is that the sharp drop in payroll expense tax revenue means jobs are leaving Seattle,” Rantz explained. “The whole point of the PET was to squeeze ‘free’ money out of businesses because the city arrogantly assumed it held all the cards. But what did PET actually do? It pushed Amazon jobs to Bellevue, kept employees working from home (and out of Seattle), and helped fuel layoffs at companies hit hardest by the tax—like Expedia... “This decrease in revenue is aligned with recent reports of major employers moving thousands of high-paying jobs out of Seattle to other cities in our region.”*

The Payroll expense Tax was established to fund policy initiatives put into place by the left-wing City Council and Mayor in 2021. (The Mayor and eight City Council members ran for election as Progressive Democrats. The ninth council person is a member of the Socialist Alternative party)

Companies with payrolls of \$7 million and larger, are taxed on pay to employees making more than \$150,000 per year, with the tax rates ranging from 0.7% to 2.4%. This affects the largest businesses and therefore the largest employers in Seattle, like Amazon, Boeing, Microsoft, T-Mobile, Expedia and Facebook. The payroll tax resulted in employers having to pay the city \$231 million in its first year, helping fund the new *JumpStart Seattle* program created by the city council.

“... it’s important to the broad coalition of housing advocates, labor unions, small and large businesses, equity-based organizations, food security advocates, immigrant and refugee organizations, and more, that we fulfill our commitment to prioritize JumpStart investments equitably and in line with the spending plan,” council member Teresa Mosqueda stated. The JumpStart spending program created to build new affordable housing, provide “food security” to low income families, support small businesses, and aid Seattle’s 16,000 plus homeless population, third largest in the nation. JumpStart spending was also budgeted for supporting the city’s large immigrant and refugee community, which exceeded 1.2 million by 2023. Tax revenue was also used to support “climate and environmental injustice” programs established by the *Green New Deal for Seattle* initiative.

Payroll expense Tax revenue fell in 2024 from a forecast of \$406.78 million to \$360.03 million. Seattle leaders are now faced with an estimated \$260 million budget deficit, caused by soaring city workers' wages and growing social program costs. The city council approved a multi-year double digit pay increase for more than 7,000 city workers and a 23% pay increase for Seattle's 1,200-member police union.

Seattle Mayor Bruce Harrell blamed the shortfall on corporate greed, saying that "Large corporations should pay their fair share, and we should be wary when they use job placements to avoid paying funding that our communities rely on..." At issue, is the fact that Harrell had been using revenue from the JumpStart program to fund city budget expenditures, not keeping it specifically for the capitol projects the program was created for.

JumpStart revenue also depends on a small number of businesses, that can easily move to more business friendly locations, to avoid the payroll taxes. The fact that the city council approved an increase in the minimum wage in 2025 to \$20.76 per hour, after awarding a 3.4% increase in 2024 and a 6.8% increase in 2023. The sudden large decrease in payroll expense tax revenue indicates that businesses are indeed cutting jobs in Seattle, in response to progressive tax policies. Amazon opened two new office towers in Bellevue Washington in 2023, while closing two of its buildings in Seattle. The move involved 2,000 higher paid Amazon workers. The company also cut jobs and laid off employees that fought the companies return-to-work policy.

The May 2025 Monthly Employment Report showed that private sector jobs in Washington state were 7,600 fewer than one year ago and the number of employed Washington residents decreased by 12,099. The unemployment rate in King County, where Seattle is located, rose above 4%. The US Bureau of Labor Statistics shows Washington, driven by Seattle's job losses, is currently 2nd worst in the nation for unemployment per actual job openings. Only California is ranked lower.

Mayor Harrell stole \$200 million from the \$315 million collected by the JumpStart program to fund progressive policy initiatives and close a \$230 million deficit for the 2025 budget. Now the city is facing a \$260 million deficit for the 2026 budget that may have to be closed with cuts to health services, public safety and the criminal justice system. Washington state Governor Bob Ferguson is facing a similar problem, recommending cuts in programs and services to close a \$12 billion budget shortfall over the next four years. Democrats in the state legislature believe it will take new sources of money like a wealth tax or a high-earner payroll tax to address the shortfall.

Note: On February 11, 2025, 63% of Seattle voters passed Proposition 1A, a ballot initiative put together by House Our Neighbors (HON), a community social housing advocacy group. Proposition 1A establish a new tax of 5% on "excess" annual compensation above \$1,000,000 paid in Seattle to any employee in order to fund social housing. Since Seattle is the home of more than 54,000 millionaires, there is a plentiful base to fund social housing...