

SELECT PROGRESSIVE REVENUE POLICIES

Including Options Identified by the Center for American Progress and the Progressive Revenue Task Force
Seattle City Council Central Staff - 2/1/2018

Tax Policy Examples by Tax Area

Current Status and Outlook

Reform Property Taxes	
1	Provide homestead exemptions sheltering a limited amount of home value.
2	Provide tax credits based on income level or tax burden as a share of income ("circuit breakers").
3	Offer tax deferrals.

- State law provides for property tax deferrals for seniors.
-The City's authority to enact the other provisions is unclear.

Reform Sales & Use Taxes	
4	Eliminate or reduce reliance on sales & uses taxes (use other revenue sources instead).
5	Exempt necessities such as food, medicine, lower cost clothing items, etc.
6	Provide a sales tax credit to lower income households.

- State law exempts food and medicine from sales and use taxes.
- The City could reduce its share of the sales & use tax rate, although (a) the revenue may then be collected by other jurisdictions and (b) the City would need either to decrease spending supported by such revenues or to identify an alternative revenue source.
- The City could reduce the Seattle Transportation Benefit District's share of the sales & use tax rate, although the City would need either to decrease spending supported by such revenues (principally bus service hours purchased from King County Metro) or to identify an alternative revenue source.
- The City's authority to enact the other provisions is unclear.

Reduce Reliance on "Sin" Taxes	
7	Reduce additional taxes (effectively sales taxes) on "disfavored" products except other policy benefits outweigh the financial regressiveness.

-Specific taxes collected in the city on alcohol, tobacco, and marijuana are state taxes.
-The City collects a Sweetened Beverage Tax, which is intended to produce positive health outcomes.

Income Taxes	
8	Institute a progressive income tax with higher rates for higher income levels.

- The City has established an income tax on high earners; however, it is currently subject to legal challenges.

Sell "Air Rights" over City Properties	
9	Sell "Air Rights" over City properties, allowing higher density development in other locations and raising funds for capital investments.

- This policy area overlaps with land use and development policies

Use Targeted Tax Increment Financing

10	Use Tax Increment Financing, in which debt is issued to be repaid from future tax collection increases tied to development and infrastructure, judiciously to support development that would not otherwise have occurred and to tie project costs closely to beneficiaries.	- This is a capital financing tool rather than a revenue source. The City effectively employed this tool in the 2012 SODO Arena agreement. More research would be needed to evaluate whether this approach could be used to develop affordable housing.
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Land Value Tax

11	Impose a tax on the value of land only rather than the value of land and improvements (i.e., buildings)	- This would appear to be in conflict with current property tax structure.
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Pricing/Fees for Services

12	Implement conservation pricing for water and sewer service.	- The City's water and stormwater fees reflect CAPAF recommendations. - The City's authority to impose VMTs or related fees is unclear.
13	Tie stormwater drainage fees to use factors (e.g., impermeable surface area of a property).	
14	Use Transportation Utility Fees (e.g., vehicle miles traveled or VMT fee).	
15	Use tolls where appropriate.	

Estate Taxes

16	Impose a tax on the transfer of estates in excess of a certain value.	- The City's authority to collect such a tax is unclear.
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Cruise Ships

17	Impose a tax on cruise ships based on the number of passengers embarking.	- This would most likely conflict with the federal Rivers and Harbors Appropriations Act, which limits such taxes to specific circumstances and purposes.
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