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between 0.7% and 2.4% on salaries and wages paid to Seattle employees who make at least \$150,000 per year.

Jul. 05, 2022



*By Sarah Grace Taylor, The Seattle Times (via TNS).*

An appellate court judge upheld Seattle's JumpStart payroll tax on Tuesday, doubling down on a decision made in King County Superior Court last year.

In an opinion published Tuesday, the Division I Court of Appeals deemed Seattle's JumpStart tax lawful, affirming a lower-court dismissal of a lawsuit filed by the

Chamber of Commerce in late 2020.

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annual payroll.

In 2021, the first year of collection, JumpStart brought the city \$231 million in revenue, exceeding the city's \$200 million estimate.

While the companies are responsible for the tax, some believe JumpStart is an unlawful tax on those making a living wage, citing Cary v. Bellingham. The 1952 Washington Supreme Court case deemed taxes on net income as illegal property taxes.

The recent lawsuit was originally filed by the Seattle Metropolitan Chamber of Commerce in December 2020, when the chamber asked the King County Superior Court to strike down the tax, calling it "illegal, invalid and unenforceable."

After the initial lawsuit was dismissed by a King County Superior Court judge last summer, the chamber appealed the decision.

In a written statement Tuesday, the chamber did not indicate whether it planned to appeal the decision.

"The chamber brought the payroll tax lawsuit forward because we believe the tax is illegal based on Washington State Supreme Court precedent," Chamber President Rachel Smith said. "We will review the decision and determine our next step in consultation with our members and our attorneys."

Smith also criticized the city's use of the tax revenue, citing the city's projected \$117 million revenue shortfall in 2023.

"It is our hope, and the expectation of the voters via the latest Index research, that during the upcoming budget process the city of Seattle will look at all the revenue

and resources it has and craft a budget that reflects the priorities of the voters,” Smith

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statement Tuesday.

“JumpStart has been — and thanks to today’s victory — will continue to be, one of Seattle’s biggest tools to address our city’s most urgent problems,” she added.

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