



Seattle City Council
600 Fourth Ave., 2nd Floor
PO Box 34025
Seattle, WA 98124

May 7, 2018

Dear Seattle City Councilmembers,

We are writing on behalf of the Seattle Restaurant Alliance to share the impact that a tax on jobs will have on our industry. We make up the Board of Directors for the alliance, which advocates on behalf of Seattle's more than 2,600 restaurants and their employees.

Seattle restaurants are invested in the health and well-being of our communities, and we know first-hand how important it is to help our neighbors who are experiencing homelessness. We strive to be part of the solution – by providing a valuable pipeline of employment and growth opportunities to those who need to get back on their feet and by partnering directly with organizations such as Mary's Place, the Union Gospel Mission and FareStart to make a lasting difference for individuals in crisis.

Make no mistake, whether or not we pay the tax directly, a tax on jobs will hurt all of our city's restaurants.

The jobs the hospitality industry provides can keep people in housing. We offer first-time jobs and opportunities to those who need a second chance, and employment opportunities like these are an important bulwark against homelessness. A flat tax on jobs is regressive and hits an entry-level hourly employee the same as a high-paid salaried employee elsewhere. Taxing these jobs hurts our ability to provide low-barrier employment opportunities that can lead to lifelong careers.

A tax on jobs falls heaviest on the restaurant community because we have large teams and tight profit margins. Restaurants have an average profit of just 4%, and many Seattle restaurants have seen that margin shrink as costs and regulations have increased over the past several years.

Those of us who won't pay the tax directly will still feel its impacts. Our business community is an ecosystem – a reduction in job creation and economic activity due to this tax means fewer customers frequenting our businesses. We'll also see vendors who pay this tax directly pass the cost on to

neighborhood restaurants. These impacts will fall hardest on smaller restaurants, many of them minority-, immigrant-, women- and family-owned businesses.

Our small businesses are already struggling and have already increased prices as high as the market can bear to deal with increased expenses, including higher labor costs and the sweetened beverage tax. We can't simply pass further costs onto our customers—most of whom are already feeling the high cost of living in Seattle and will make the decision to eat out less as costs rise. We urge you to consider ways to alleviate the pressures small businesses are facing by looking at the B&O tax rate and other small business protections.

We are also concerned that the legislation you are considering will not get the results our community needs. We need an actionable plan with measurable results, including an oversight committee that does not include representatives from organizations who will benefit from the tax revenue. The very fact that the tax proposal does not include a sunset date is alarming. We are dealing with an emergency crisis and writing an annual blank check with no expiration date is irresponsible and lacks the accountability Seattle taxpayers desperately want and deserve.

We implore you to be thoughtful about the consequences of the proposed new tax on jobs, many of which Seattle's restaurants create. Please instead prioritize the city's spending and work with regional partners to come up with the solutions we need.

Sincerely,

Board of Directors, Seattle Restaurant Alliance



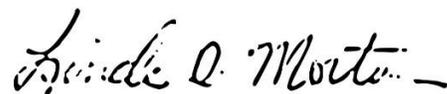
Rich Fox
Board President
Poquitos, Rhein Haus and Macleod's



Hannah Carter
Bitterroot and Mammoth



Todd Carden
Elliott Bay Brewing Company



Linda Di Lello Morton
Terra Plata



Jen Engles-Klann
The Derschang Group



Destiny Sund
The Confectional



Travis Rosenthal
Tango, Rumba, Sand Point Grill



Eric Tanaka
Tom Douglas Restaurants



Ryan Suddendorf
Evergreens

cc: Mayor Jenny Durkan