



KENT CHAMBER OF ♦ COMMERCE

October 10, 2014

Mayor Cooke and City Council Members –

This letter includes an excerpt from one of the many letters the Kent Chamber of Commerce has written to you regarding the City's Business and Occupation Tax (B&O Tax). Our stance has not changed. We reluctantly agreed not to oppose the enactment of this unreasonable tax with the faith that you would honor your promise that it would be used only to fix our crumbling street infrastructure. The Kent Chamber of Commerce faced and accepted criticism regarding our willingness to compromise and be part of the solution regarding a B&O Tax to fix our streets. We were told by City staff that roads were failing at an emergency rate and that we had to come up with a solution. We understood this need, collaborated with the City to find a solution and worked to implement a limited tax to pay for the streets.

Unfortunately, the proposed 2015-16 budget flies in the face of the years of relationship building, trust and collaboration by increasing the B&O tax rates and applying all the increased revenue to expenses other than street maintenance, including general fund expenditures of across the board raises for City staff, a City funded radio station and hefty savings accounts. Meanwhile, the businesses that pay taxes and provide employment struggle. The proposed budget and increase in the B&O tax is irresponsible as the cost to do business in Kent rises above our neighboring cities. This causes us great concern and also leaves the business community with substantial distrust of the City. We were warned by many of our members who disagreed with our willingness to work with the City that once the tax was enacted it would be increased and used for general funds. The proposed budget now proves that those concerns were valid.

Despite our frustration with the proposed budget, we remain hopeful that we can work with the City to fix our crumbling infrastructure. The Chamber remains adamantly opposed to a B&O Tax in the City of Kent because it is based on gross revenue versus profitability. Such a tax hinders growth of the business community and puts businesses in Kent at an economic disadvantage with competitors outside the city.

The Chamber supports well maintained streets as they are a crucial contribution to economic development and growth. Poorly maintained roads constrain mobility; significantly raise vehicle operating costs and increase accident rates. The economic and social importance of regular road maintenance is incredibly important for a viable city. We must preserve the streets of the City of Kent and look to the future financial health and sustainability of these public assets.

The Chamber urges you to not increase the current B&O Tax rates or change the exemptions protecting our small businesses in Kent. The proposed budget increases the B&O tax to the

highest possible rates for the service and wholesale and more than doubles the current rate on manufacturing and retail. Furthermore it replaces the exemption of \$250,000 with a threshold of \$150,000 which will cripple our small business economy.

We ask you to honor the years of collaboration and relationship built between the City and the Chamber, and not increase this fundamentally unfair tax.

Best Regards,

A handwritten signature in blue ink, appearing to read 'Andrea Keikkala', with a stylized flourish at the end.

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