RESOLUTION NO. 21- 07

A RESOLUTION OF THE CITY OF BATTLE GROUND, WASHINGTON, REGARDING OPPOSITION TO A LOCAL INCOME TAX ON THE RESIDENTS AND BUSINESSES OF THE CITY, AND OTHER MATTERS RELATING THERETO.

WHEREAS, Article VII, § 1 of the Washington State Constitution establishes the basic framework for taxation in the state of Washington, including what shall be permitted as a tax; and

WHEREAS, after the City of Seattle attempted to enact an income tax on certain individuals applicable within its municipal boundaries, the Washington State Court of Appeals, Division I ruled that such a tax, when selectively applied, was unconstitutional and invalid. *Kunath v. City of Seattle*, 10 Wash. App. 2d 205 (Div. I 2019); and

WHEREAS, certain language in the *Kunath* ruling has caused discussion in various communities across Washington as to whether cities have authority to impose a local income tax, which is legally considered a tax on property; and

WHEREAS, the Washington State Supreme Court denied request for appeal of the *Kunath* case such that the ruling stands at this time; and

WHEREAS, the City Council wants to declare its position regarding the potential for cities to impose a local income tax on its residents and businesses; and

WHEREAS, businesses large and small provide the economic lifeblood in our City, the region, state, and country; and

WHEREAS, Battle Ground sits several miles from Washington's border with the state of Oregon, which already results in substantial loss of commerce from local businesses to businesses located in north Oregon; and

WHEREAS, the City Council knows that a strong and encouraging business climate is one of the best ways to attract and retain good businesses to employ people in family wage jobs; and

WHEREAS, use of a local income tax may generate additional revenue in the short term, but would most likely result in less long-term revenue due to the dampening effect it would have on our businesses; and

NOW THEREFORE, the City Council of the City of Battle Ground, Washington hereby declares and resolves as follows:

Section 1. The City Council hereby declares that the imposition of a local income tax on the businesses and residents of the City of Battle Ground is prohibited. Such a tax would be in direct conflict with the high value the City places on promoting economic

development through the attraction and expansion of financially healthy, family wage-paying employers. Small businesses are the backbone of our local, regional, state, and national economy and it is imperative that the City not put unnecessary hurdles in the way of their success. As such, the Battle Ground City Council prohibits the imposition of a local income tax in the event a local income tax is determined legal and permissible by the Washington State Supreme Court or the Washington State Legislature.

Section 2. Effective Date. This Resolution shall be effective upon adoption.

ADOPTED BY THE BATTLE GROUND CITY COUNCIL, THE 19th DAY OFJULY, 2021.

Attest:

Kay Kammer

Kay Kammer, City Clerk

City of Battle Ground:

Adrian Cortes, Mayor

Approved as to Form:

Christine Hayes, City Attorney