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To: [Noble, Ben](#)
Cc: [Herbold, Lisa](#); [Katie Wilson](#); [Michael Tamayo \(mtamayo@washingtonea.org\)](mailto:mtamayo@washingtonea.org); [John Gibson \(gibsonconomics@comcast.net\)](#); [Aldrich, Newell](#)
Subject: Following up on our meeting this morning
Date: Friday, April 21, 2017 10:51:14 PM
Attachments: [image001.png](#)
[Memo Seattle Taxation Authority 170331.pdf](#)
[Calculator as of February 17 2017 based on 2014 IRS Income Data by zip, 021617.xlsx](#)

Dear Ben,

That was a good talk. As requested, I am attaching the legal brief and a calculator with which you can determine revenues as a result of different taxing schema, including differing thresholds, rates, and income sources to be taxed.

I am asking John Gibson to weigh in on the question of how do we tax residents, regardless of where they work and the source of their income. John can get us some information about how other cities which have a local income tax do this.

Regarding data sharing from the IRS, here is the language:

the Internal Revenue Code, Section 6103, (d) Disclosure to State tax officials and State and local law enforcement agencies, (6) Limitation on disclosure regarding regional income tax agencies treated as States: "For purposes of paragraph (1), inspection by or disclosure to an entity described in subsection (b)(5)(A)(iii) shall be for the purpose of, and only to the extent necessary in, the administration of the laws of the member municipalities in such entity relating to the imposition of a tax on income or wages. Such entity may not redisclose any return or return information received pursuant to paragraph (1) to any such member municipality."

<https://www.law.cornell.edu/uscode/text/26/6103>

Also, Section 6103 defines "state" as follows:

5) State

(A) In general

The term "State" means—

- (i) any of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands,
- (ii) for purposes of subsections (a)(2), (b)(4), (d)(1), (h)(4), and (p), any municipality—
 - (I) with a population in excess of 250,000 (as determined under the most recent decennial United States census data available),
 - (II) which imposes a tax on income or wages, and
 - (III) with which the Secretary (in his sole discretion) has entered into an agreement regarding disclosure, and
- (iii) for purposes of subsections (a)(2), (b)(4), (d)(1), (h)(4), and (p), any governmental entity—
 - (I) which is formed and operated by a qualified group of municipalities, and
 - (II) with which the Secretary (in his sole discretion) has entered into an agreement regarding disclosure.

(B) Regional income tax agencies

For purposes of subparagraph (A)(iii)—

(i) **Qualified group of municipalities**

The term “qualified group of municipalities” means, with respect to any governmental entity, 2 or more municipalities—

(I) each of which imposes a tax on income or wages,

(II) each of which, under the authority of a State statute, administers the laws relating to the imposition of such taxes through such entity, and

(III) which collectively have a population in excess of 250,000 (as determined under the most recent decennial United States census data available).”

You may be also interested in this language from the Olympia initiative:

WHEREAS local income taxes are levied by both counties and cities, in 4,983 jurisdictions across the United States....

I am sure we will have more to discuss in the next few days.

Thanks.

John

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