



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

October 12, 2004

Motion 12028

Proposed No. 2004-0463.2

Sponsors Phillips, Hague and Lambert

1 A MOTION thanking the Washington state congressional
2 delegation for their efforts to pass House Resolution 4520
3 to amend the Internal Revenue Code of 1986 and restore
4 the deduction of state sales taxes in lieu of state and local
5 income taxes; providing a fair federal income tax structure
6 for the people of Washington, Florida, Nevada, South
7 Dakota, Tennessee, Texas and Wyoming; and petitioning
8 the President of the United States to sign the legislation into
9 law.

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 WHEREAS, The federal tax reform act of 1986 unfairly penalized the taxpayers
13 of King County and the state of Washington by eliminating the state retail sales tax
14 deduction in the calculation of federal income taxes owed, and

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 WHEREAS, since 1986 federal law has allowed taxpayers in over forty states to
deduct their state income tax from their federal tax return, but does not allow the
deduction of state sales taxes for those residents of states without an income tax,

18 including Washington, Florida, Nevada, South Dakota, Tennessee, Texas and Wyoming,
19 and

20 WHEREAS, two families with the same salary and identical financial profiles are
21 taxed differently under the federal tax code simply because they live in states with
22 different local tax structures, and

23 WHEREAS, nearly one million working men and women living in King County
24 pay disproportionately higher federal income taxes than similar families across America,
25 because King County residents are not able to deduct Washington State sales taxes from
26 their federal income tax returns, and

27 WHEREAS, with the restoration of the retail sales tax deduction, taxpayers of
28 King County would realize substantial savings, estimated at between five hundred
29 nineteen dollars per year to five hundred seventy five dollars per year per itemized return
30 in their federal income taxes, with a total savings to Washington State taxpayers
31 estimated at five hundred forty one million dollars annually, and

32 WHEREAS, Congress is in the process of considering tax reduction and tax
33 equity proposals which restore the itemized deduction for state sales taxes for residents of
34 Washington and six other states, and

35 WHEREAS, the metropolitan King County council has consistently advocated for
36 federal tax equity for county residents, urging the United States Congress to restore the
37 state sales tax deduction in lieu of state income taxes in Motion 11173 adopted on April
38 16, 2001, and

39 WHEREAS, city and county officials joined together to request amendments to
40 the Internal Revenue Code of 1986 to restore the deduction of state sales taxes in lieu of

41 state and local income taxes, with joint letters of support submitted to the state
42 Congressional delegation on July 31, 2003, and on June 2, 2004, and

43 WHEREAS, the Congress of the United States has approved House Resolution
44 4520, also known as the Foreign Sales Corporation/Extraterritorial Income Exclusion bill,
45 that amends the Internal Revenue Code of 1986 to allow a deduction of state sales taxes
46 in lieu of state and local income taxes, which restores tax equity by allowing Washington
47 state taxpayers to deduct state and local sales taxes from their 2004 and 2005 federal
48 income tax returns;

49 NOW, THEREFORE, BE IT MOVED by the Council of King County:

50 The King County council respectfully expresses our gratitude to the members of
51 the Washington state congressional delegation for their efforts to pass House Resolution
52 4520, also known as the Foreign Sales Corporation/Extraterritorial Income Exclusion bill,
53 to restore tax equity to the fifty-two million residents of Washington, Florida, Nevada,
54 South Dakota, Tennessee, Texas and Wyoming.

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55 Further, the King County council respectfully petitions to the Honorable George
56 W. Bush, President of the United States, that the legislation be signed into law as soon as
57 possible.

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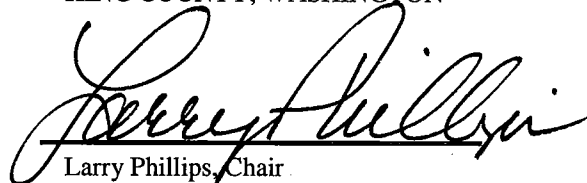
Motion 12028 was introduced on 9/20/2004 and passed as amended by the Metropolitan King County Council on 10/11/2004, by the following vote:

Yes: 10 - Mr. Phillips, Ms. Edmonds, Mr. von Reichbauer, Ms. Lambert, Mr. McKenna, Mr. Ferguson, Mr. Hammond, Mr. Gossett, Mr. Irons and Mr. Constantine

No: 0

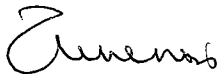
Excused: 3 - Mr. Pelz, Ms. Hague and Ms. Patterson

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Larry Phillips, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments None