

Tech Boom to Tax Boom:
Urban Power and Redistribution in 21st Century Seattle

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Abstract

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Local governments in the United States are tasked with meeting the basic needs of their residents, from public health and safety to economic development. But these “basic” services have become increasingly complex for local actors, as federal and state governments disinvest in urban policy and the provision of social care. At the same time, economic resources, opportunities, and taxable revenue consolidate in select urban regions, making post-industrial cities like Seattle sites of both prosperity and precarity. Under these conditions, how do the local policies and politics of redistribution evolve? Weaving together organizational, relational, and strategic accounts, my dissertation theorizes the evolving role of local governments in political life as subnational state formation. Through a case study of Seattle, I investigate how local actors navigate structural constraints to build autonomous fiscal capacity. Drawing on archival research, interviews, and video recordings of municipal meetings, I examine how Seattle passed

an innovative and progressive tax on big businesses. While existing studies emphasize the limits imposed by private corporations, capital flight threats, and higher levels of government, I argue that cities can engage in progressive statecraft by cultivating long-term coalitions, building institutional capacity, and experimenting with policymaking. I trace the evolution of tax campaigns, coalitions, and political imaginaries, from failed, controversial, “unconstitutional” tax initiatives to the passage of the JumpStart, which funded large investments in affordable housing. Thus, this dissertation sheds light on how tech-driven growth, political shifts and realignments shape the boundaries of the possible. In a context of deepening inequality and federal gridlock, understanding what cities can achieve is vital for scholars and anyone asking how redistribution is being reimagined in and through cities.

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Chapter 1. Introduction

In June 2020, amid the unfolding COVID-19 pandemic, mass protests following the police murder of George Floyd, and a mounting economic crisis, Seattle Councilmember Teresa Mosqueda addressed the public not from a crowded podium, but through a virtual press conference streamed online to announce a bold new tax proposal. “Everybody that we've spoken to over the last few months has come to the same conclusion. Our community is hurting. Our economy is tanking. We cannot wait for the Feds or the State to step in. We have to act now to help Seattle.” Mosqueda emphasized that the pandemic had merely exposed the deeper social and economic crisis: “Covid did not cause this economic crisis alone. It is the consequence of a fragile economy that left far too many behind, while promoting only a few.” Across the political spectrum, she argued, every Seattleite she talked to agreed on a fundamental point: “We need a significant amount of revenue to make meaningful change, so that people have trust that when you step up, we can solve problems.”

The scene reflects a paradox now central to urban governance: in an era of mounting needs and widening inequalities, cities are charged with doing more for their residents, even as higher levels of government retreat.

Local governments in the United States are tasked with meeting the essential needs of their residents, ranging from public safety and health to housing and economic development. But these “basic” responsibilities have become increasingly complex, due to budget cuts at the federal level and postindustrial economic shifts that intensify regional disparities. As federal disinvestment shifts governance downward, local governments take on more responsibility for social care with fewer resources. Meanwhile, the concentration of economic power in “superstar cities” (Gyourko et al. 2013; Le Galès and Pierson 2019; Findeisen 2022) consolidates private

wealth in strategic urban centers, driving disparities, housing price inflation, and homelessness. Expected to do more with less, and in increasingly unequal contexts, how do cities navigate governance and redistribution?

The gap cities face between responsibility and capacity is stark. Yet, our understanding of the subnational welfare state remains significantly limited (Pacewicz 2018). Existing research depicts a grim picture of the local politics of redistribution. Scholars emphasize structural constraints on city power—capital flight, elite pressures, and cities’ marginalization within state-based federalism. As a result, prevailing theories tend to treat the concentration of wealth in some urban areas as an exogenous condition, rather than a political opportunity—one that actively shapes emergent strategies, political organizing, and the possibilities for and through city power in the 21st century.

The stakes for studying city power in American federalism are particularly high in the current moment. Although authority has long been distributed authority across multiple levels of government, American political parties have become increasingly nationalized over the past half century. As Jacob Grumbach (2022:4) observes, both the Democratic and Republican parties have evolved from “loose networks into more tightly knit partisan teams of activists, organizations, and candidates.” As State governments increasingly serve national partisan agendas, they not only exacerbate national challenges but also become more susceptible to unequal political influence and the erosion of accountability. Inverting Justice Louis Brandeis’ famous phrase, Grumbach contends that states may now function as laboratories *against* democracy. While he emphasizes how partisan “scientific” communities hinder policy diffusion across states by channeling learning along partisan lines, I highlight another critical limitation: even among liberal states, constitutional constraints and institutional infrastructures can severely

restrict policy diffusion, particularly in areas of taxation and redistribution. In this context, cities may emerge as testing grounds for progressive politics, or, as Seattle City Council Staff Director Ben Noble put it, *petri dishes* for statewide reform. By tracing how local actors work within and sometimes against the constraints of state-level institutions, I show how some cities may serve as key sites of subnational statecraft, especially in the politics of redistribution.

My dissertation theorizes the evolving role of local governments in redistribution as subnational state formation—a process in which cities are not merely constrained by external forces but actively engage in building state power from below. It involves negotiating fiscal arrangements and contesting the limits of federalism. I argue that political shifts and realignments at the national level have created new openings for local governments to step up, expanding into areas that have been historically delegated to higher levels of government.

I present my argument empirically through the case of Seattle, Washington; a tech hub featuring multinational corporations, including Amazon, and one of the most regressive tax systems in the United States. While the city’s tech boom is well-known—the Seattle metropolitan area is home to Fortune 500 companies like Amazon, Microsoft, Starbucks, Nordstrom, and Expedia—its tax system remains more obscure. Washington is one of only nine states without an income tax, and state constitutional constraints on taxation have historically underdeveloped local fiscal institutions, largely shielding concentrated wealth from getting taxed. Seattle thus offers an exceptional lens for interrogating city power, as the gap between municipal responsibility and fiscal capacity is made all the more acute by the presence of immense private wealth that remains largely untaxed.

Drawing on organizational, strategic, and relational accounts, I uncover how and why Seattle enacted a local tax on large corporations to fund affordable housing, and why that

moment proved politically decisive. Through archival research and key informant interviews, I trace how local actors navigated constraints, built coalitions, and iterated on strategies through test cases, lessons from past failures, and behind-the-scenes administrative work to navigate state constitutional constraints. By analyzing City Council meetings, advocacy materials, and legislative texts alongside reflections from those who were directly involved in local tax initiatives, I show how Seattle’s tax reform both responded to and reconfigured the possibilities of city power in an era of uneven urban wealth. In doing so, my dissertation reveals the actors, strategies, and institutional shifts that drive transformative change in local fiscal governance today.

In an era of deepening inequality and federal gridlock, understanding what cities can achieve matters—for scholars, organizers, and anyone asking how redistribution is being reimagined in and through cities.

When Higher Levels of Government Stepped Down

Before cities stepped up, the national government stepped down. By the late 1960s and 1970s, growing disillusionment with state-led approaches to social, fiscal, and legitimation crises gave way to a broader turn toward market-based governance (Krippner 2011). As the postwar abundance came to an end, policymakers increasingly turned to financial markets to evade difficult political decisions, deferring rather than resolving the underlying crises. This trajectory intensified in the 1980s, when the “neoliberal turn” replaced the large and unconditional federal grants of the Keynesian era with competitive and targeted grants, fragmenting local authority (Pacewicz 2016). The earlier Keynesian period, from the 1930s through 1970s had been marked by a belief in government-led and bureaucratic solutions to social problems (Steinmo 2003;

Pacewicz 2016). In contrast, the post-Keynesian turn eroded local political power, displacing local capital by investments that lacked community commitments.

This federal retreat occurred alongside debates over the distribution of fiscal responsibility across levels of government (Pearson 2015). While Keynesian economists criticized the fiscal weakness of states as a significant obstacle to postwar economic growth, liberal state builders remained skeptical of direct federal transfers to states (Pearson 2015). Unconditional revenue sharing, they feared, would empower conservative business elites who had influence over state level policy decisions. As a result, efforts to build enduring mechanisms for equalizing fiscal capacity between subnational governments never materialized. Thus, today's neo-municipal response, which re-centers local governments in welfare provision, could be viewed as a response to the historical underdevelopment of subnational fiscal equalization. In the 21st century, cities are increasingly stepping into roles once expected of higher levels of government in shaping the subnational welfare state, but without the fiscal infrastructure or autonomy to match their growing responsibilities.

At the same time, the 1980s marked a shift in political agendas toward austerity, tax cuts, and shrinking public spending (Campbell 2009; Martin 2013; Prasad 2018). The rise of anti-tax sentiments reshaped electoral politics and policymaking, producing a tax system that has largely benefitted the wealthy while disproportionately burdening the poor (Saez and Zucman 2019). These developments have shifted the burden of responsibility toward lower levels of government—without enduring mechanisms for equalizing subnational fiscal capacity (Pearson 2015). In this context, the neo-municipal turn represents a response to the cumulative effects of federal retrenchment, underdeveloped fiscal capacities, and a deepening mismatch between local responsibility and fiscal authority.

This history reveals a striking reversal: mid-20th-century progressives viewed the federal government as the primary engine of equitable redistribution and remained skeptical of devolving authority to state and local governments. Today, the view has been recast. After decades of federal retrenchment and gridlock, the federal government is increasingly seen as institutionally captured and resistant to progressive agendas. In response, subnational governments—once feared as sites of conservative influence—have emerged as arenas for progressive experimentation less corrupt than the national government. Subnational state formation, then, is not simply a result of necessity; it also reflects a broader reorientation of political imagination, where the horizon of progressive reform has shifted downward to the local scale.

Redistribution in the Post-Industrial Era

Taxation is one of the most important tools to reduce inequalities and fund public programs. The progressivity of the tax system, that is, rising tax rates in proportion to wealth and earnings, allows growing prosperity to contribute to public coffers (Saez and Zucman 2019), impacting the distribution of resources and opportunities (Scheve and Stasavage 2016). While the rise of anti-tax politics and the influence of business interests has been well documented (Saez and Zucman 2019; Hope and Limberg 2022), less attention has been paid to the subnational level, that is, where local governments are experimenting with building fiscal capacity from below. These efforts raise new questions about economic relations, pro-tax coalitions, institutional logics shaping redistribution at the local scale.

As federal retrenchment eroded the mid-20th century welfare state, the deepening inequalities of the postindustrial era have made redistributive mechanisms more urgent. Political

economists argue that the postindustrial era has deeply transformed the role of public policies in mitigating inequality. The complementarities between high- and low-skilled workers in the Fordist era allowed the industrial relations system to serve as a guarantor of inequality (Iversen and Soskice 2015). During this time, collective bargaining and wage policies facilitated solidarity across class divides. But as these complementarities erode, and these groups “increasingly [met] different economic fates” (Ansell and Gingrich 2021:17), political institutions have become even more central to the redistribution of resources and opportunities (Hacker and Pierson 2010; Iversen and Soskice 2015). Public policies, particularly in the form of redistribution, social spending, and decommodification (Esping-Andersen 1990), can mediate the effects of industrial transformations on inequality outcomes—critical tools in an era where markets increasingly shape individuals’ life chances.

While much of the scholarship on these transformations have focused on the national level, intergovernmental responsibilities remain critical to understanding how inequality is mitigated and reproduced at the subnational scale. As Pearson (2015) shows, tensions related to the division of these responsibilities around social spending have been central to the formation of the American welfare state. In this context, understanding what cities can achieve rests on a deeper understanding of their institutional capacity and political authority within the logics of federalism. To make sense of these subnational processes in the post-industrial era, I now turn to the city.

The City, Recentered

Critical geographers, sociologists, political economists, and legal scholars attentive to urbanization have expanded conceptualizations of city power in the post-industrial era. On the

one hand, scholars have highlighted the structural constraints on city power—from capital flight and business pressures to the political-legal marginalization of cities within state-based federalism. On the other hand, some scholars have argued that political shifts and realignments have tilted the scale in favor of city power (Schragger 2016; Joy and Vogel 2021), and thereby “re-centering” the city (Ogorzalek 2021) as a focal point of redistribution. First, the federal government’s retreat from serious urban policy has reshaped the role of local governments in responding to public pressures (Schragger 2016). The marginalization of labor at the federal level has also increased community-labor coalitions’ interest in and attentiveness to local political strategies (Schragger 2016). Progressive policy agendas—like minimum wage campaigns (Martin 2001)—that appear to be increasingly impossible to achieve at the federal level (Schragger 2016) have been more successful at the subnational scale, expanding our notions of what cities can achieve. Specifically, there has been an interest in expanding the policy domains and issue areas for which municipal governments are responsible. Ultimately, the pursuit of progressive interests has coincided with local fiscal crises, as budgetary constraints pressure local governments to find ways to access locally generated wealth to balance their budgets (Pacewicz 2020a), invest in public goods and continue providing services despite national austerity. Together, these mutual interests between state and non-state actors have created new possibilities for the expansion of city power.

The relative popularity of urban life further enables cities to better utilize their redistributive capacity (Schragger 2016). Capitalism as a spatial process (Le Galès and Pierson 2019) has deepened the advantages of being in superstar cities, particularly for elite workers and industries (Schragger 2016; Findeisen 2022), who may otherwise prefer low-tax, low-regulation environments. These spatial processes shape the post-industrial era and the expansion of the

knowledge economy—that is, industries that heavily rely on technology and human capital, such as Information technology (IT), software, and biotechnology. The agglomeration of economic and cultural opportunities offers cumulative advantages that cannot be easily reproduced elsewhere (Ogorzalek 2021), both attracting high-skilled workers and limiting capital mobility (Ivan and Soskice 2019; Schragger 2016; Young 2018; Findeisen 2022). Thus, “the increasing centrality of place in distributing economic and cultural rewards and opportunities” (Le Galès & Pierson 2019:47) makes “superstar cities” (Le Galès and Pierson 2019; Findeisen 2022) like Seattle well-situated for local innovations. The locational advantages of superstar cities—for residents and industries who want access to high skilled workers—shape the city’s political leverage to expand its fiscal authority by extracting locally generated wealth. Together, political realignments and spatial processes establish the city as a contested site of political power and redistribution, promoting pockets of subnational state formation.

Political Economy of Superstar Cities

In addition to disinvestment at higher levels of government, local dynamics could further push cities to pursue local revenue despite anti-tax pressures. On one hand, the move toward progressive tax structures in knowledge economy hubs (Bellisario and McCoy 2023) is theoretically puzzling, because tax structures are shaped by elite preferences. Inequality alone does not promote redistribution (Scheve and Stasavage 2016). Indeed, rich people have effectively organized against fiscal threats that affect them categorically (Martin 2013), mobilizing the non-rich to join the ranks (Martin 2013; Pearson 2014). As the knowledge economy expands, interest group politics and individual preferences could lead to lower taxes on the rich (Hope and Limberg 2022).

On the other hand, much of existing research focuses on national dynamics, limiting our understanding of the politics of redistribution in superstar cities. As high-paying jobs, cultural capital, and life chances concentrate in strategic urban locations, spatially uneven structures of inequality and (dis)advantage emerge (Le Galès and Pierson 2019), straining local housing markets (Findeisen 2022) and exacerbating the homelessness crisis (Colburn and Aldern 2022). The affordable housing crisis is perhaps the most pressing policy challenge confronting superstar cities (Le Gales and Pierson 2019; Ogorzalek 2021; Findeisen 2022). These conditions place pressure on local governments to adopt more robust redistributive strategies, despite limited institutional capacity and enduring tax constraints (Pearson 2014; Schragger 2016).

In these cities, housing has emerged as a central mechanism for producing durable inequalities (Le Galès and Pierson 2019). Because housing markets are deeply intertwined with broader income and wealth structures (Findeisen 2022), they serve as central mechanisms of distributive conflict and pressure points for taxation.

In this context, tax campaigns can gain traction by framing their goals as efforts to restore fairness during crises (Scheve and Stasavage 2016; Limberg 2019). The rise of highly unequal housing wealth (Le Galès and Pierson 2019; Pfeffer and Waitkus 2021) and its entanglement with government policies (Quinn 2017) heightens perceptions of state-enabled inequality. When the public believes that the government has empowered the rich, support grows for corrective measures like taxation (Scheve and Stasavage 2016). The affordability crisis, especially those centered on access to housing, can thus catalyze public demands for the wealthy to contribute more to public coffers (Limberg 2019).

Superstar cities generate cycles of concentrated disadvantage, but it is policies which shape the degree and depth of inequality (Le Galès and Pierson 2019). The prevalence of fiscal

demands related to housing affordability and homelessness intervention in local tax campaigns suggests that housing inspires compensatory arguments for progressive tax reform, even as advocates must still navigate political opposition and institutional limits toward mobilizing new capacities at the local level. The next section turns to coalition dynamics to illustrate how political realignments in the knowledge economy, together with the pressures of housing and taxation, have catalyzed new alliances seeking to reclaim city power through redistribution.

Building Coalitions

Politics of taxation is often perceived as the outcome of elite negotiation or moralized opposition to elite interests. Yet, such policies are frequently backed by broad-based, cross-class coalitions who align around some common interests. For example, cities grappling with the affordability crisis may forge tax coalitions among seemingly unlikely allies, including elite workers, housing developers, nonprofit service providers, and even segments of the business community. The underpinning solidarities can influence both the policymaking processes and their consequences for local redistribution.

Understanding the conditions under which urban alliances emerge is important, as coalition-backed policies critically enable effective urban redistribution (Bradlow 2020) and the mitigation of regional inequalities (Ansell and Gingrich 2021). In majoritarian democracies like the United States, the unique economic and political pressures of superstar cities often give rise to cross-class alliances, compelling both wealthy and lower-income residents to unite behind redistributive initiatives (Iversen and Soskice 2019; Ansell and Gingrich 2021; Hacker et al. 2023; Zacher 2024). Seattle's reform trajectory reflects a similar commitment to

decommodifying basic needs (Esping-Andersen 1990), tempering the role of markets in shaping individuals' life chances and improving the shared quality of life.

Examining Seattle also contributes to broader conversations about how and why cities might differ. In contrast to the United States, decommodifying coalitions have not emerged in most European contexts, despite significant regional inequalities and knowledge sector growth (Ansell and Gingrich 2021; Le Galès and Pierson 2019). Political scientists have traced this divergence back to electoral systems (winner-takes-all versus proportional representation), but other dynamics influencing the politics of taxation and coalition formation remain less understood. Tracing the arc of Seattle's fiscal transformation contributes to understanding how tax coalitions form and evolve over time. It also underscores how political authority, and intergovernmental fiscal responsibilities interact with local actors' political interests and strategic capacities to forge effective coalitions.

The next section situates fiscal power within an institutional framework, emphasizing how institutional contexts shape policymaking processes and what cities can achieve.

Embedding Politics: Capacity and Path Dependence

Institutional inertia and policy feedback effects make truly novel tax reforms difficult to conceive or enact. Familiar ideas—rather than technically innovative ones—tend to persist (Kingdon [1984] 2013; Burstein 1991), because self-reinforcing sequences cement earlier decisions, creating path dependent effects over time (Pierson 1993; Mahoney 2000).

Transforming a general idea into an implementable policy requires substantial technical expertise and administrative capacity (Kingdon [1984] 2013; Hall 1993), so policymakers reliably fall back on instruments whose feasibility and cultural appropriateness are already well established

(Steensland 2006; Mayrl and Quinn 2016). In Washington State, where no state income tax exists, these dynamics are amplified: without an established revenue precedent, reform advocates must overcome both the institutional stickiness of the status quo and the added hurdle of devising a wholly novel type of taxation. Altogether, these complex challenges help explain why tax reform in Seattle remains so fraught.

Yet vagaries of public opinion, veto points, and policy design too shape the trajectory of redistribution. For example, voters often support taxes targeting particular groups over broad-based ones (Martin et al. 2019), locally rather than federally enacted taxes (Williamson 2017, and taxes that are earmarked for a specific use (Williamson 2017; Martin et al. 2019). After implementation, this specific policy design continues to shape the political terrain, further entrenching established interest groups (Pearson 2014).

Importantly, policy design is not simply the vision of a single originator. Proposals evolve through coalition processes, where policymakers strategically craft proposals to mobilize support and demobilize opposition from strategic stakeholders (Pearson 2015). The leadership, for instance, could exploit divisions within the business community by targeting specific segments, or broaden public support through spending promises. These dynamics emphasize how policy change unfolds within a strategic field of action, shaped by iterative struggles in which shared understandings both shape and are shaped by the existing landscape.

Case Methods

I present my argument empirically through the case of Seattle, Washington—a superstar tech boom town operating within one of the most regressive tax systems in the United States. As one of the only nine states without an income tax, Washington has long faced barriers to progressive taxation. Yet, these constraints have also fostered an ecosystem of advocacy

movements and policy experimentation. I utilize a case study approach that exploits within-case variation over time (Bradlow 2022). Methodologically, I trace policy change efforts through archival analysis and key informant interviews, examining internal government documents, advocacy materials, and legislative records alongside insights from key stakeholders. This approach allows me to analyze how actors, strategies and understandings have evolved within a field of fiscal governance.

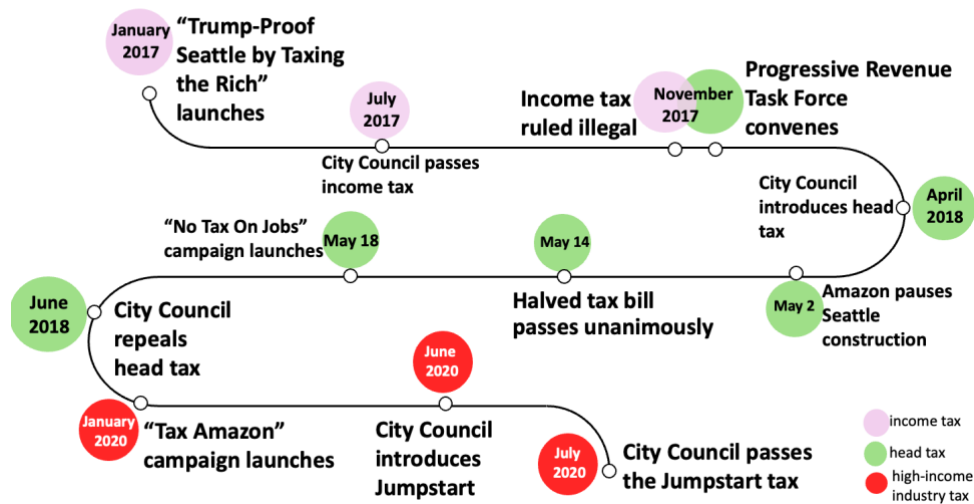


Figure 1. Overview of key events in Seattle’s tax reform efforts (2017-2020).

My analysis traces reform efforts in Seattle, summarized with key events in Figure 1. These efforts culminated in the city’s historic 2020 business tax “JumpStart Seattle,” enacted after years of unsuccessful reform attempts. This bold policy, which taxes big businesses like Amazon to generate the largest local funding source for affordable housing, emerged not as a reaction to external economic pressures but through iterative struggles within a strategic action field (Fligstein and McAdam 2011). To situate earlier and/or unsuccessful reform attempts within a sequence toward policy change, I draw on Haydu’s (1998) framework, which views time periods as comparative and sequential cases of problem solving. And so, rather than treating

reform attempts as empirically independent cases merely linked by time, I view time periods as chapters in an ongoing story.

The problem-solving framework highlights how actors' problem formulations and perceptions of realistic solutions change over time (Haydu 1998), accounting for the role of context and thereby broadening the study's explanatory scope (Emigh 1997; Capoccia 2015). My framework departs from Haydu's in one important way: instead of taking the problem as fixed, I view the definition of the problem as dynamic and open to change, so it could vary empirically across sequences of problem solving.

In addition to Haydu's (1998) framework, I draw on comparative historical and archival methods to integrate historical narrative with theory building (Capoccia 2015; Emigh 1997; Ermakoff 2014; Lara-Millán et al. 2020; Pacewicz 2020b). This approach allows me to focus on critical junctures (Capoccia 2015), plausible alternatives, how actors learn from mistakes, and moments of "positive contingency" as they navigate mutual uncertainty (Lara-Millán et al. 2020). These elements inform my "constitutive claims" (Pacewicz 2020b) about the empirical reality of local tax state-building throughout the narrative. Altogether, the comparison of alternative proposals with contrasting outcomes allows me to explain why progressive tax reform in Seattle took the form that it did (Mahoney 2004) and how past attempts shape subsequent strategies and outcomes.

Data Collection and Analysis

Government archives: Using government archives and an exhaustive data set of local newspaper coverage of tax reform, I assembled a sequence of events and decisions leading up to JumpStart. City-level governmental data include legislations (bills, ordinances, resolutions,

amendments), councilmember records (voting history and sponsored legislations for each member), city council archives (complete meeting video recordings of related council, committee, and progressive revenue task force meetings), and press releases and websites related to the analyzed measures.

Council video recordings, maintained by the city's Seattle channel, document the positions and arguments of elected officials, local bureaucrats, and public stakeholders during committee hearings and full council meetings. With few exceptions, these meetings include public comment periods, where residents voice support, opposition, or other responses to agenda items. Using a targeted approach, I also draw on county and state-level archives to analyze tax bills at higher levels of government which have informed the development of JumpStart Seattle.

For the analysis, I watched and took analytical memos on the City Council meetings regarding the formulation, development, and implementation of the two tax proposals. Furthermore, I collected and analyzed the official documents complementary to those meetings. Much of the data comes from Seattle City Council committee meetings, Progressive Revenue Task Force meetings, Full Council Meetings, and public hearings of the City Council. Finance & Neighborhoods Committee (for 2017-18), Finance & Housing Committee (for 2019-20), and Select Budget Committee (for 2019-20) are where much of the deliberations related to tax reform occur. In addition to official council meetings, I watched press conferences to analyze how officials and the coalitions who back them launch tax campaigns. In total, I viewed, documented, and analyzed 32 City Council meetings, for a total of 83 hours of video recordings.

Media analysis: I analyzed 51 pieces of media content, including press conferences, newspaper articles, and op-eds on both policy episodes. Press conferences contribute to understanding how officials and coalition partners frame their campaigns and communicate their

vision to the public. Comparing how media outlets portray events and policy decisions vis-à-vis the primary sources helps me triangulate disparate data sources for a richer understanding of sense-making and framing during the studied period. I focus data collection and analysis on the key actors engaged in policymaking, their formulation of policy problems, development of proposals, and the political stakes and opportunities in the field. Across the sequence of events and decisions spanning the two policy episodes, I examine how institutional contexts, and past decisions have shaped the strategies and constraints of tax advocates and opponents.

Interviews: I complement archival evidence with key informant interviews (N=13) to learn directly from the actors who mobilized for local tax reform. I did a combination of purposive sampling and snowball sampling (i.e., asking interviewees who else I should talk to, individuals they think I should include). Purposive sampling allows me to learn from local bureaucrats and individuals representing different constituents in the coalition including labor unions, grassroots organizers, and housing advocacy groups. Meanwhile, snowball sampling ensured that I covered important actors and allowed me to understand different informants' sense of important actors in the field.

The interview protocol addressed the factors that have led various groups to join the tax coalition and further investigates the overlaps/differences between constituents' conceptual mappings. Based on how key informants responded to my set of initial questions, I made revisions to the protocol to add follow-up questions where data was incomplete. Moreover, the interviews allow me to address how pre-existing ties between state and civil society actors contributed to the vision and execution of an urbanist fiscal agenda. Within 24 hours of each interview, I wrote analytical memos to reflect on what I learned, why it was important, and any emerging thoughts (Lareau 2021). I documented my takeaways, the vivid moments from the

interview, things I found surprising, and patterns across the interviews. In what follows, I offer an overview of the subsequent chapters.

Looking Ahead

To examine how Seattle's redistributive capacity evolved amid broader political economic transformations, Chapter 2 provides an extensive background on statewide tax reform efforts through the 20th century in Washington. It situates these efforts within key regional shifts, from the Jet Age driven by Boeing to the postindustrial turn marked by Microsoft and Amazon. The chapter culminates in the resurgence of urban progressive movements following the 2008 Great Recession, focusing on Seattle's 2017 income tax on high income earners, which was passed by the city but ultimately struck down by the courts as unconstitutional.

Chapter 3 turns to city-level business tax reform efforts during Seattle's tech boom in the 2010s, culminating in the passage of the landmark big business tax, JumpStart Seattle, in 2020. Chapter 4 interrogates the relationship between affordable housing and local tax reform, highlighting the emergent framing of affordable housing as a local revenue problem. Chapter 5 analyzes two competing tax reform campaigns in Seattle that were politicized in different ways, shaped by the coalitions behind them. It highlights how their interactions and social ties contributed to a transformation in the realm of political possibility.

Taken together, these chapters illustrate how institutional contexts, coalition dynamics, and mounting pressures on the city to expand its political domain contributed to the development of a new fiscal apparatus at the subnational scale.

Chapter 2. Boom Town Statecraft: Tax Experiments in a Superstar City

Introduction

Seattle's fiscal history has been shaped by cycles of growth and industrial transformation, with the tax system playing a central role in structuring the distribution of local prosperity. These economic cycles have not only influenced social relationships but also introduced enduring governance challenges related to growth management. Alongside local and national forces, Seattle's deep entanglement with global trade has shaped its development trajectory. From a hub of manufacturing and military power in the 20th century to a center of post-industrial service and tech industries in the 21st, Seattle's political and economic significance has long transcended its formal borders (Hedden 2023). Through sustained alliances between private economic interests and the state, supported by "a built environment of technological infrastructure," and labor forces attuned to "the evolving needs of empire," (Hedden 2024:525) Seattle laid the groundwork for its transformation into a superstar city dominated by technology firms and global retail giants.

As these economic shifts unfolded, so too did the institutional and grassroots efforts to manage growth and contest inequality. This chapter provides historical context on Washington state's economic and fiscal development to situate the subsequent tax reform attempts. By examining the region's fiscal *hardware*—its legal and institutional structures—and the *software* of taxation—its social meanings, shared understandings, and cultural logics—this chapter sheds light on how taxation became a key site of political contestation. By focusing on the political-legal battles over taxation, it illustrates how fiscal reform emerged as a strategic action field in which local governance was negotiated by state and non-state actors. These struggles over tax policy were not only about revenue, but they also reflected deeper questions about fairness, the public interest, and the distribution of resources between social groups. Ultimately, these

contestations challenged assumptions about who holds legitimate political authority to address basic needs and provide public goods.

In this chapter, I trace the shifting efforts to reform the tax system and raise progressive revenue in Seattle in the context of broader political economic shifts. I examine the emergence and evolution of a broad array of strategies and social actors that have shaped the field of taxation, as the City stepped into new roles amid federal retrenchment and state-level constraints that shifted the responsibility for social care downward.

Statewide Tax Reform Efforts and Barriers (1928-1973)

Throughout the twentieth century, legal and institutional barriers obstructed efforts to enact progressive tax reform in Washington state. Between 1928 and 1973, a series of state-level income tax proposals advanced through voter initiatives, garnering support from diverse coalitions but ultimately being thwarted by the courts (Roberts 2002; Pearson 2014). A notable example was the 1932 initiative for a graduated income tax introduced against the backdrop of the Great Depression. Spearheaded by the Washington State Grange, a farmers' association founded in 1889, this income tax initiative aimed to fund schools and reduce the state's reliance on property taxes (Wilson 2020). The tax also attracted backing from urban labor groups and poverty activists' newly formed Unemployed Citizens League. With support from agricultural, labor, education, and real estate groups, the income tax initiative was passed with 70% of the vote, outpacing even the repeal of the state's Prohibition law on that ballot.

The income tax faced immediate legal challenges and unexpected political contingencies. Before a tax collection system could even be developed, business groups quickly brought on a legal challenge. By the time it was brought to the state Supreme Court, everyone in the state–

including the judges—had already received their tax statements in the mail. On the day of the hearing, the absence of one of the judges led to a 4-4 deadlock. After the Governor’s appointment of a Democratic judge, the Court ruled 5-4 against the tax, citing the state constitution’s uniformity provision which equates income with property, and so prohibiting graduated tax rates on it (Spitzer 1993; see Pearson 2014 for an overview of uniformity provisions in Western states). That same day, the Court approved the business and occupation tax (B&O Tax hereafter) on business gross income— “a temporary” measure that remains to be one of the state’s principal taxes. Subsequent income tax initiatives, brought to a vote seven times, all failed. Today, Washington State remains one of nine states in the U.S. without an income tax (alongside Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, and Wyoming), a status shaped by the 1930s legal precedents that entrenched the regressive tax structure.

The legal battles reinforced a fiscal system resistant to progressive reform, but it did not stop reform advocates from trying. Despite persistent advocacy by farmers, urban working class and poor allies, opposition groups led by profitable urban businesses and financial firms prevailed (Spitzer 1993). Although the legislature passed an income tax three times between 1932-1950, the state Supreme Court consistently overturned these measures, continuing to align with business interests (Roberts 2002). Repeated constitutional decisions reinforced the ban on progressive income taxes and the state’s reliance on the types of taxes that were already in effect. Over time, Washingtonians, burdened by existing taxes and lacking information on how a new type of tax could benefit them (Pearson 2014), developed a unique resistance to such measures. In alignment with path dependence perspectives (Mahoney 2000), early legal and institutional choices and contingencies made it increasingly difficult for initially available alternatives to

remain viable options, entrenching Washington's unusual tax system. Since 1935, this system has maintained its fundamental structure, benefiting large and integrated industries, the dominant businesses of the period (Spitzer 1993). Washington's business taxes disproportionately burden high-volume low profit businesses, while benefiting low-volume, high profit industries (Spitzer 1993). This structure inadvertently created a fertile ground for the rise of knowledge-intensive industries in the post-industrial era.

Boeing, Jet Age and Bust

Until technology industries started gaining ground in the 1980s, aerospace manufacturing company Boeing was the prominent employer in Washington state (McDearman et al. 2013). Founded in 1916, Boeing dominated the regional economy and employed thousands of workers. Through its central role in U.S. military and commercial supremacy worldwide, Boeing's boom in the 1930s led to Seattle's first genuine industrial base (Hedden 2024). When the United States entered World War II, Boeing became a major industrial force in the war economy. American aircraft production, which was about 3,000 a year just before the war, reached to more than 300,000 planes by 1945, as factories "producing consumer and industrial goods were retooled to meet the military's air-power requirements" (McMillan 2020:6).

Following World War II, government contracts ensued during the Korean War, making Boeing the most profitable commercial jet maker in the world. President Nixon regarded Boeing's planes as symbols of American leadership, securing its position at the forefront of scientific and technological innovation (Hedden 2024). Military investments led to commercial success, as government contracts for the U.S. military through World War II and the Korean War allowed the company to invest in its commercial business. Out of all Pacific urban economies,

Seattle received the most Federal money (Hedden 2024). And so, Seattle became “a central site of American power and global capitalism,” (Hedden 2024:526) as Boeing and the city of Seattle developed together (Muellerleile 2009; Hedden 2023).

New Deal Democrats from Washington State, Senators Warren Magnuson and Henry Jackson, “the senator from Boeing,” played central roles in ensuring federal support and government contracts. While industrial developments transformed Seattle, the loyalty and consistency of the U.S. government contracts partially shielded Boeing from pressures to restructure, and so its production processes remained mostly unchanged after World War II (Muellerleile 2009). Thus, even as Seattle experienced great transformations, the city’s very fiscal infrastructure, and Boeing’s manufacturing system were largely sustained.

As the 1960s came to an end, so did the Jet Age. When opposition to the Vietnam War made military spending politically unpopular, it threatened the traditional financial safety net for Boeing. Government contracts became short in supply, driving the company close to bankruptcy by the turn of the 1970s. Boeing eliminated 60,000 jobs, leading to the worst unemployment crisis since the Great Depression. The company cut its Washington state workforce from 81,000 down to a mere 37,000. This tragic episode, known as the Boeing Bust, led approximately 16% of all Seattle workers to lose their jobs. While Boeing remained a central player in the region’s economy, and one of the state’s largest employers until the Amazon boom, thousands of former employees experienced job loss. Between 1969-1971, people on public assistance statewide increased 45%, and Aid to Families with Dependent Children (AFDC) recipients (before being replaced by TANF in 1996) increased 86%, and registration for food stamps witnessed a 182% increase (Hedden 2023). The tragic consequences of the city’s entanglement with a single

company led to turmoil, sparking calls to diversify the local economy and a shift towards post-industrial economic agendas.

In 1977, nearly a decade after the Boeing Bust, the company would face a new challenge: the Aero Mechanics Strike. Despite a year of record profits, Boeing's mechanics and engineers grappled with the high cost of living and national inflation during a critical contract year for both of their unions. The stark contrast between soaring corporate profits and accelerated costs of living fueled widespread rejection of weak collective bargaining proposals (Hedden 2023). Historically, neither union had a strong track record of successful strikes or protests. However, a new generation of young workers, less burdened by past layoffs and company loyalty, emerged with a greater motivation to strike (Hedden 2023). For both veteran and newer employees, the high cost of living was the most critical issue driving this unrest.

The Boeing Strike followed UAW's month-long strike at Ford in the previous year, which resulted in significant gains for union power. Lasting 48 days, the 1977 strike culminated in a contract viewed as a victory for labor (Hedden 2023). This period also saw the Democratic Party's return to the White House with the election of Jimmy Carter, and Boeing's announcement of record profits. For workers, the strike was a means to demand their "fair share" of company profits, generated by their labor. However, it also reinforced the prioritization of jobs for workers' wellbeing, positioning employers as "principal job creators" at the expense of broader notions of citizens' welfare (Hedden 2023). Rather than expanding the welfare state or reforming the tax system, the 1970s unemployment crisis led to a governmental focus on jobs over relief, and business interests over labor. While representing a victory for labor in the short term, the positioning of employers as central players in citizens' welfare would continue limiting

the fight against economic inequality in the decades to come, and into Seattle's post-industrial turn.

Although welfare expansion was never a primary focus for the major political and economic leaders of Seattle, the 1970s marked a reinforcement of job creation as the cornerstone of economic recovery and wellbeing. This emphasis would become central to Seattle's evolving economic strategy. By the late 20th century, economic development advocates contended that the city's recovery and future prosperity hinged on political support for post-industrial businesses, particularly in professional sectors (Hedden 2023:220). The prioritization of job creation and the political support for professional sectors laid the foundation for new inequalities.

Sprouts of a Silicon Forest

A new era began when Microsoft, originally founded in Albuquerque, NM, relocated to the region in 1979, and marked the beginning of a new chapter for the state economy (Boswell and McConaghy 1996). After Microsoft's relocation, information technology (IT), biotechnology, and life sciences began to prosper in Seattle. High-skilled workers, including former Boeing engineers, and the University of Washington—the state's largest public research university—contributed to the development of new technology industries in the 1980s (Boswell and McConaghy 1996; McDearman et al. 2013). Demand for knowledge workers drew a high-skilled workforce to the region (McDearman et al. 2013), much like Boeing did before. Thanks to high levels of human capital and a distinct economic specialization, the Seattle metropolitan area became a "silicon forest" by the 1990s (Boswell and McConaghy 1996). The lack of economic diversity, once regarded as a threat, was now celebrated as driving Seattle's economic prosperity.

The 1990s were also a critical decade for relational inequality and growth management in Seattle. Sell (1997) depicts the political ecology of the 1990s, highlighting community members' growing struggles to reconcile growth with concerns over their quality of life. Relational inequality in the face of the negative externalities of growth—such as traffic congestion, reduced open space, and rising housing costs—challenged the social desirability of growth and fueled debates about compensating for the harms caused by this growth (Sell 1997). Even as Boeing's contraction revealed state and local governments as less than capable of growth management, little progress was made in addressing the resulting inequalities through public policies into the post-industrial era.

Washington state's unique tax structure exacerbated these challenges, limiting the ability of state and local governments to use the affluence generated by growth to mitigate negative externalities. Sell (1997:212-13) notes that repeated failures to pass an income tax, combined with the resistance to raise revenue through other taxes, left policymakers without the tools to address infrastructure needs or fund programs to alleviate negative externalities. Instead, state and local governments prioritized business-friendly policies, even as, first Boeing, and then later Amazon, leveraged threats of capital flight to gain concessions.

It is precisely in this context that the University of Washington law professor Hugh Spitzer's article, "A Washington State Income Tax—Again?" was published in *University of Puget Sound Law Review*. Spitzer (1993) made the case that the 1933 decision by the state Supreme Court was based on a misreading of the case law, adding that many courts had since rejected the notion that income is property. He advocated for the passage of a progressive income tax, so that a legal challenge could create an opportunity for a more "liberal" Supreme Court to

reverse the faulty ruling. Spitzer’s article would create the pathway for future coalitions to mobilize for tax reform.

In the 2010s, Seattle was viewed as the new center of a tech boom (Hardy 2014) and its booming economy increasingly about a single company—Amazon (Rosenberg and Gonzales 2017). Between 2010-2020, Amazon’s workforce in the Seattle metro area grew from a mere 5,000 to a striking 75,000 (Rosenberg and Gonzales 2017; Soper and Nickelsburg 2021). A senior bureaucrat recalled, “The dotcom thing happened here, but that was still—we were still Microsoft Town in the early 2000s [laughs]...Now, we are Silicon Valley North... So, it’s this weird dynamic where there’s more money and business, or more ability to influence the politics. But then there’s also evidently more revenue that one could lean into.” Thus, there was both more money in town “that one could lean into” towards redistributive reform, but also more businesses that could potentially influence the city’s policy trajectory.

When Brookings Institute researchers in 2013 published a profile of Seattle as an influential metro area, they mentioned Amazon only once, in passing. By 2017, the *Seattle Times* would describe the city as “America’s biggest company town” (Rosenberg and Gonzales 2017). Unlike most other big cities, where the top employer had less than 5% office space, Amazon had as much office space in Seattle as the next 40 largest “local” businesses combined. The company’s dominance made it further difficult for smaller companies to find office space (Rosenberg and Gonzales 2017), perpetuating Amazon’s control over commercial space and the local economy. Commercial real estate and construction industries arguably became highly interdependent with the interests of Amazon at this time.

Alongside the Amazon boom, and the arrival of highly educated workers into the city, housing prices skyrocketed, and public services were overburdened. Median wages increased, as

did the cost of living. Regional economist Dick Conway, a former economic advisor to the state, described a multiplier effect in which jobs in the tech sector generated 2-3 additional jobs while straining public resources. More specifically, under the state's regressive, sales-based tax system, the public costs of the tech boom fell disproportionately on low- and middle-income households. Later, during the 2018 tax proposal discussions, Seattle Council members cited Conway, arguing that this "multiplier effect" systematically strained city finances and undermined their strategies of growth management.

Progressive Movements after the Great Recession

Just as the threat of capital flight pressured cities like Seattle to adopt business-friendly policies, anticipated recessions and public disinvestment at state and federal levels mobilized activists and organizers for progressive reform. Community organizers used these moments to push local governments toward redistribution strategies. In Seattle, community, labor, environmental, and social justice organizations have operated within and beyond legal gray areas to demand that city institutions protect vulnerable populations disproportionately burdened by regressive tax systems, economic downturns, and shrinking public investments across multiple levels of government. Following the 2008 Great Recession, new mobilizations emerged, linking calls for progressive tax reform with demands for increased public investment. These movements advanced varied visions of the public good and an expanded role for the city in achieving it.

At the state level, when Washington State voters received their ballots in 2010, they saw an initiative to impose an income tax on high income earners, targeting those earning over \$200,000 to fund healthcare and education. Bill Gates Sr., attorney and philanthropist became the public face of the campaign (Wilson 2020). Meanwhile, his son's company, Microsoft, was a

major player in the opposition. The anti-tax campaign, spearheaded by Scott Stanzel—a Microsoft public relations manager and former political advisor to President George W. Bush—received significant funds from the state’s burgeoning technology industry (Ballotpedia 2010). The opposition successfully framed the tax as a slippery slope, warning voters—beyond the wealthy—that the government would eventually target them too. Echoing “rich people’s movements” of the 20th century (Martin 2013), the campaign fostered fears of economic insecurity among lower-income voters.

Although the measure failed statewide, the popular vote in cities like Seattle signaled growing public appetite for change, where new grassroots movements were beginning to take shape. One remarkable example is the Transit Riders Union (TRU), which became a critical force in organizing for public investment and ultimately, progressive tax reform in post-industrial Seattle. TRU was founded in 2011 in response to declining tax revenue and resulting budget shortfalls. These fiscal challenges prompted significant increases in King County Metro fares and proposals to cut bus services across the Seattle area. Facing these austerity measures, TRU mobilized to protect public transit and advocate for equitable solutions against the externalization of costs to transit riders.

With the ecological crisis on the horizon, TRU expanded its mission beyond preserving existing transit services to advocating for their expansion, aiming to reduce the city’s reliance on fossil fuels. Now a permanent fixture in the city’s activist ecosystem and powered by volunteer labor, TRU’s vision evolved beyond the challenges of the Great Recession. It continues to fight the broader issues affecting urban residents, including the disappearance of decent jobs, the rise of financialization and “debt slavery,” growing wealth inequality, and the disproportionate tax burden on the poor and working-class communities. As TRU’s website proclaims, “We are

many, they are few... *and we live here*. To counterbalance the pressure that government gets from above, we have to put pressure from below. And to do that, we have to *get organized* [emphasis original].” Inspired by the movements of poor and working-class communities during the Great Depression, TRU set out to develop a new model for organizing in the now post-industrial Seattle, advocating to raise the minimum wage, organizing transit riders for an affordable and high-quality transit system, and progressive tax reform.

In my interview with Glen Lee, Seattle’s Finance Director (2010-2022) during a decade of escalating housing costs and economic inequality, he pointed to a broader shift in municipal politics during the 2010s. City politics began to move left—not just in Seattle but urban jurisdictions facing similar political economic shifts: “Chief financial officers like myself—of big cities—noted a definite tilt to the left, especially in the late teens as there was more income, disparity, and whatnot. The politics of local counties, or big jurisdictions, were becoming more left leaning—could have been a response over Trump as well.” Lee’s remarks reflect the emergence of progressive statecraft across urban jurisdictions. And so, this shift in Seattle politics not only reflected regional inequalities in a changing political economy, but also the broader urban-rural divide. Yet, progressive urban agendas were constrained by a political system that empowered State and Federal governments. In U.S. style state-based federalism, cities remained creatures of the state. As Lee noted:

The big thing to understand is that the States are still in control. And that was a struggle that not only did we have in Seattle, but other major cities... You couldn’t change the world if you will, at the local level... It was interesting to see, time after time, that clash between the ultimate limitation of what State law provides a city or a county authority to do [versus] what the [locally elected officials] wanted to do... You want to do more than probably the State will ever allow you to do? And I know this. I worked in California for a while. It was the same issue.

Lee's remarks highlight a core tension in municipal statecraft: the growing expectations placed on local governments to mitigate inequality, without corresponding legal or fiscal authority. These tensions were not unique to Seattle, but indicative of the broader bind faced by urban jurisdictions as the new managers of inequality—confronting increasingly localized forms of inequality while operating under limited legal and administrative capacity.

Lacking the tools to implement the transformative policies their constituents demanded, city officials were forced into an ongoing negotiation over the boundaries of local authority within the American federal system. The policy episodes that follow examine how these tensions played out in practice, and the consequences of local experimentations for broader trajectories of institutional change.

Lighting Up Legal Gray Areas

In early 2017, TRU announced an action meeting: “Trump-Proof Seattle by Taxing the Rich.” The meeting would be held the week following President Trump’s first inauguration. On Saturday January 28, attendees gathered at Seattle’s Labor Temple to discuss strategies to defend their city against the newly elected President Trump, “set an example for other cities, AND [capitalization original] pave the way to overhauling our state’s regressive tax system.” Viewing the changing political tides as an opportunity to create change, the Trump-Proof Seattle campaign combined progressive tax reform efforts with the broader goal of establishing local power in the face of a new federal government that would set out to enact tax cuts and business-friendly policies.

On March 1st, Trump-Proof Seattle organizers held a day of action advocating for a city-level tax on unearned income (capital gains). The proposal targeted residents earning over \$250,000, aiming to “help strengthen our communities and defend against Trump, and pave the

way to fixing our unjust tax system, the #1 most regressive in the nation.” Estimated to generate \$100-130 million annually, the 1.5% tax would reduce the city’s reliance on property tax levies. Organizers anticipated, however, that the measure would face legal challenges in court. The proposal pushed the boundaries of two gray areas in the state law at once: progressive income tax and local taxing authority.

Katie, TRU’s General Secretary, recounted “We had this big coalition...fighting for this income tax that we knew was not going to go into effect right away, or perhaps ever. But it was the right thing to do.” Organizers hoped for a new state Supreme Court ruling to revise past decisions—as proposed by law professor Spitzer in 1993. This was a potential legal win that could open new possibilities for the city and the state. A senior City bureaucrat recalled that the strategy emerged out of “a sense that the somewhat liberal State Supreme Court would revisit the 1930s case and decide that income was not property, and that therefore you could do what you wanted.” “There was an acknowledgement that, as passed, it was an unconstitutional tax, consistent with previous rulings,” he continued, explaining that the goal was to test past rulings to see if they could get a different ruling.

TRU’s General Secretary, one of the key figures in the push for tax reform, explained their local reform strategy as “this gradual process. You'd think that a city should know what it can do and can't do. There should just be some master document somewhere, ‘Here's the taxes we could do.’ But that's not the way it works. And so, it was this gradual process over the years, of testing the boundaries and being like, ‘Wait a minute, can we do this?’ And then they're like, ‘Oh, I don't see why not?’” Multiple participants including both insider bureaucrats and external organizers, emphasized the ambiguity surrounding what the city could realistically achieve.

Without prior knowledge of what could be done, tax reform advocates tested possibilities gradually, with the goal of establishing if not expanding local authority.

The strategy for “Trump-proofing Seattle” to push the gray areas of the law did not originate in the volunteer labor-run TRU, but through their alliances with local think tanks and legal group. Specifically, TRU worked with Seattle-based progressive think tank Economic Opportunity Institute (EOI) and Seattle-based law group Pacifica toward tax reform and claiming local power within a federal system that marginalized cities. Katie explained that while EOI mostly did “State level work,” they were “interested in the local work because of the way that the local income tax strategy was part of a bigger statewide strategy.”

A senior bureaucrat, who had been working for the city for several decades, recalled that “There were a bunch of lawyers, including some academics, who thought there was a good reason to think you could overturn the case.” In light of historical precedent, EOI believed that the odds of passing a statewide income tax were low, but the state’s regressive tax system could be reformed through initiatives that started at the local level. Indeed, the year prior to the Trump-Proof Seattle campaign, EOI had run a similar campaign for a 1.5% city-level income tax in Washington’s capital Olympia, aiming to fund college tuitions. The Olympia measure received nearly 48% of the vote. Now, EOI believed Seattle could create the pathway to a statewide income tax. The legal process to develop a ballot initiative in Olympia provided them a template after which a strategy for Seattle could be modeled. Thus, the synergy between local initiatives and statewide reform created a momentum that drew in both policy advocacy groups and local organizers.

A two-page explanation for the tax strategy was prepared by EOI and shared with grassroots organizers by way of TRU. It stated: “We are in a perpetual public fiscal crisis,

regardless of whether the private economy is doing well or not.” Reform advocates believed that the tax system actively created inequities in Washington, regardless of whether the economy was in recession or not. Indeed, a state Supreme Court decision found Washington in contempt for educating children, which provided a strong context for bringing the tax forward.

EOI worked with Pacifica law group to develop a template for a targeted tax that would generate funding dedicated to specific public programs. The income tax, estimated to receive contributions from about 29,000 Seattle households, aimed to increase funding for early learning, education, higher education, and social services. It aligned with EOP’s theory of change, which was to create state-wide reform through local initiatives. The income tax initiative, if successful, could facilitate access to IRS data to all local governments in Washington state. EOI believed that Seattle’s success could be diffused to other localities if they ran similar campaigns.

TRU and EOI rallied a broad coalition of community, labor, environmental, and social justice organizations to pressure the Seattle City Council to enact the tax through legislative means. In its final iteration, the proposal shifted focus, seeking to implement an income tax, rather than a capital gains tax.

At the institutional level, the push for the tax was championed by Mayor Ed Murray, along with Councilmembers Lisa Herbold and Kshama Sawant, each playing a crucial role in advancing the proposal within city government. On July 10, Seattle City Council voted on the 2.25% tax on individuals earning above \$250,000 (or \$500,000 for households). The ordinance itself outlined key objectives, including:

imposing an income tax on high-income residents; providing solutions for lowering the property tax burden and the impact of other regressive taxes, replacing federal funding potentially lost through federal budget cuts, providing public services, including housing, education, and transit, and creating green jobs and meeting carbon reduction goals.

Before the City Council's vote in July 2017, EOI organized a rally outside City Hall, featuring speeches from a diverse group of leaders. Councilmembers Lisa Herbold, Kshama Sawant, and Mike O'Brien addressed the crowd alongside TRU's General Secretary Katie Wilson, and *Real Change* organizer Tiffani McCoy. McCoy would later serve as Co-Executive Director for Policy and Advocacy at the House our Neighbors Coalition—an initiative dedicated to addressing housing issues in Seattle—alongside the founder of EOI, John Burbank, who would serve as the coalition's board president. The income tax was unanimously approved. In one decisive action, progressive tax reform promised to increase city revenues and promote a fairer tax system. Amid the looming climate crisis and federal disinvestment, the city had the opportunity to step up, provide essential public services, and support the transition to a greener economy.

Administrative Planning in the Shadow of the Constitution

Beyond legislation, enacting an unprecedented tax policy at the city level called for developing administrative and bureaucratic capacities. It required upgrading the city's information technology (IT) system and establishing a new data sharing relationship with the IRS to access tax payment records. Council Central Staff was central to this administrative planning. A group of nonpartisan policy and budget analysts and supervisors, Council Central Staff supported all 9 councilmembers in the budget and policy development processes. City staffers estimated a one-time cost of \$10-13 million to set up the tax, and \$5-6 million in annual costs for its administration and enforcement. The city needed to employ 20-25 staff members to “maintain this IT system, draft necessary rules, develop and disseminate taxpayer education materials, serve as account representatives to answer questions and assist taxpayers in complying

with the income tax.” Additionally, an enforcement staff of another 20-25 employees would ensure compliance, review tax submittals, conduct audits and investigate potential under- or over-payments.

A city administrator recalled the process:

We reached out to [the Internal Revenue Service], IRS, to begin discussions about how to share information. That's about a 3-to-4-year process to share information with the IRS because you have to have very high information technology system standards and safety protocols in place. We put time into analyzing how to do that, helping to find exactly what was taxable and also trying to find other data sources for that information, for the taxable events or the income... We of course, also had to look for our own information technology system that we would have had to put into place.

This excerpt reflects the infrastructural and administrative demands of tax reform. The bureaucrat's reflection on the years-long process of initiating data-sharing with the IRS underscores how tax policy is not only a legal and political undertaking, but also a deeply technical and administrative one. Even when local governments willingly pursue progressive tax reform, their ability to do so is shaped by the availability of reliable data, the security standards required for federal coordination, and the capacity of their own internal systems.

The three- to four-year timeline to meet IRS standards highlights how long-term investments in infrastructure set the scene for implementation. Moreover, the excerpt illustrates the jurisdictional mismatch between political will and legal authority, reinforcing the subordinate position of municipalities within the broader federal system. Lastly, this moment draws attention to the “hardware” of tax enforcement. Determining “what was taxable,” and sourcing income data underscore that local taxation is not simply a matter of political will and action but requires building the technological and administrative scaffolding that allows those laws to function.

An unprecedented measure, Seattle’s income tax could increase local institutional capacities. It would allow the city to manage complex fiscal policies and lay the groundwork for

future initiatives, including statewide reform. In this way, city staffers and bureaucrats were agents of subnational state formation—the process by which local governments expand their bureaucratic, administrative, and tax collection capacities to address challenges traditionally managed by higher levels of government.

Glen Lee, Seattle’s Finance Director between 2010 and 2022, recalled how institutional resources were channeled into implementing a tax that was unconstitutional: “We were legitimately planning to implement. The first steps were to try to help define exactly what income was—what was the income we were going to tax.” Since neither Seattle nor the state had an income tax in place, their planning entailed defining what the city would tax. Another senior level bureaucrat explained how legislating in the income tax area got “very complicated very quickly.” Even if they were to implement an income tax with a flat rate, the necessary mechanisms would still be missing. “It’s the Federal government that collects income taxes, and in States where they collect income taxes, they usually follow the federal form,” he explained, highlighting how the lack of an income tax at the state level complicated city initiatives, even if they were constitutionally allowed. “If we were to impose a city tax, would it be on your gross income? Would it be on your adjusted income? And how would that work? And this gets very complicated very quickly.” Thus, administrators highlighted how the autonomy granted to cities in the US-style state-based federalism marginalized local power, presenting significant coordination problems. Not only did legal limitations shape what the city could do within its constitutional rights, but the existing mechanisms in place influenced administrative capacity and fiscal ontology.

Given the high-cost, resource-intensive barriers to reform, what made legal test cases attractive to elected officials? The income tax was a “no lose” situation for the progressive

interests, but this alone does not explain the electoral incentives to passing an illegal income tax. Glen Lee described the Council's passage of the income tax as "a performative vote. They knew it was unconstitutional. I told them multiple times...At a performative vote, you're just doing it to make your constituents happy. You know you can't implement it. So, make no mistake about that." Given the political pressure that elected officials faced from the electorate, passing an unconstitutional income tax could be viewed as an exercise of symbolic power (Bourdieu 2018). Decision-makers in progressive superstar cities could turn to performative acts, like passing an unconstitutional income tax, or declaring a state of emergency for homelessness (Güler & Collins Forthcoming) in order to appease voter demands.

Officials could vote on a change—regardless of its legality—to keep their constituents happy. By voting in favor of an income tax, then, officials could signal their political support to do something to address income inequality, even in the absence of the political authority to put it into effect. As the former Finance Director stated:

If an elected official wants a change, and they know it's not legal for them to make the change, they'll still vote for it. So, their constituents are happy, and the elected official can say, "Listen, I voted for this. It's the courts that told me 'No.'" Even though they may have known ahead of time [that] the courts were going to say "No," to their constituents they look like they're carrying out on a campaign promise. That happens on the left side and on the right side of politics, where a vote is *not necessarily to make a change* [emphasis added]. It's just to demonstrate to your constituents that you are—you believe in that policy, even though you know it has no chance to survive a court challenge.

Symbolic legislation was attractive to elected officials, as it allowed them to respond to voters' demands while shifting responsibility for legal obstacles to the State and the courts—positioning themselves as champions of reform while deferring to higher levels of government when challenges would ensue. Glen Lee described this symbolic legislation as a politically

motivated decision: “It was clear that the political values and objectives of the City Council were in line with creating a tax on higher income Seattle families and households.”

Still, others connected local tax initiatives to the progressive city councils’ broader interest in responding to the needs they were hearing from the community. For example, a former senior staff member on Council Central recalled how they were “constantly testing out new ideas and pushing the envelope.” Involved mostly with tenant protections, she remembered writing the prohibition on winter evictions, “thinking, ‘There’s no way...we’re really threading a needle here through the state law.’” Thus, progressive statecraft reflected the broader political will to “just try things and push the envelope a little bit.”

Legal Backlash Revamps Anti-Tax Rhetoric

Seattle’s income tax faced legal challenges immediately—the very day Mayor Murray signed it into law. Business-backed Washington Policy Center and Olympia-based conservative think tank Freedom Foundation were among the organizations spearheading the opposition. *The Seattle Times* featured direct quotes from the president of the Washington Policy Center, who opined that the Council chose to waste taxpayer dollars on lawsuits for an income tax that the city did not need. Freedom Foundation, known across the West Coast for their anti-union campaigning in California, Oregon, and Washington, also stated they were prepared to challenge the tax in court.

Like the anti-tax campaign rhetoric against a statewide tax initiative from seven years ago, opponents used a “slippery slope” argument, contending that the tax would creep down the income ladder and impact low-income residents. Pacific Legal Foundation challenged the tax ordinance, criticizing it for being part of a political strategy to create a constitutional controversy.

“Experience shows that, once a source of tax revenue opens, the government will mine it,” they wrote, calling the ordinance a “Trojan Horse that threatened the rights of poor and middle-class families.” Opponents further criticized the tax on the grounds of local authority, arguing that it violated a 1984 law which banned cities from taxing net income.

Ultimately, King County Superior Court sided with the opposition, deciding that the income tax was unconstitutional on the grounds that it was progressive—had graduated tax rates. The tax was crushed by the courts before the city began collecting money. A long-time senior bureaucrat described the legal testing as unusual:

Because we don't have any progressive income tax now, we might have gotten a ruling that would allow us. So, [we] got it and actually ended up with a ruling that resolved some uncertainty. But imposing a tax with full knowledge that it was probably not going to work, but because you wanted to see what could or could not work is unusual. And we never built budgets to spend the money because we didn't really expect to get the money.

Thus, he emphasized that this legal strategy did not necessarily *expand* local authority, but more so established it in the first place.

On August 15, 2019—one year and one month after the tax was signed into law—the Washington State Court of Appeals affirmed this decision; however, it also unexpectedly ruled the 1984 law unconstitutional. The decision at once created a pathway for flat income taxes across Washington localities and barred a state Supreme Court appeal, therefore creating new possibilities and forbidding others toward tax reform. The bureaucrat from above described these results as:

Actually interesting, in that they didn't overturn that [King County Superior Court] ruling, but what they did clarify was a different issue, which we also weren't sure about. Whether the city had the authority to tax income, even if it were a flat tax. Or whether that was authority that would have required approval from the State legislature? Because, again, that relative authority of cities...it's not completely settled law.

While reform advocates did not get the ruling that they hoped to get, their legal strategy still helped establish the relative authority of the city in other ways. With local authority not being “completely settled law,” city staffers, grassroots organizers, and legal advocates alike, utilized reform attempts, in lieu of “a master document” inscribing what was possible.

The bureaucrat interpreted the ruling they got as: “You can't do progressive tax. But yes, the city can impose a tax like this if it's a flat tax and it doesn't require state approval.” This meant that the city could, “as we sit now, could in theory impose a flat income tax.” “A lesser-known fact,” he continued, “is that it's not clear—if we ever were to try to do that—how some of the existing restrictions on property tax might apply.”

These excerpts illustrate the evolving role of local governments as what I call *scrappy managers of inequality*: municipal actors who are increasingly tasked with addressing social and economic disparities, even as their authority remains legally unsettled and resources structurally constrained. They further demonstrate how progressive statecraft operated by pushing the envelope even when actors did not know what was for certain. While the income tax ordinance and the rulings illuminated important gray areas and helped establish clarity around some aspects of local authority, they also raised new questions about what was possible and how future proposals might interact with the other parts of the State constitution.

“Scrappy” Governments and “Petri Dishes” for Statewide Reform

Interviewees expressed a growing desire to see local governments take on a broader range of responsibilities. Their proximity to constituents, compared to higher levels of government, positioned local governments as key sites in people’s political imagination. For example, a labor leader representing the building trades described local government as the arena

where “big action [can be] moved for people,” highlighting its potential to deliver tangible change for working communities. Expressing disillusionment with federal politics, they emphasized that the working class and the immigrant communities had been “abandoned” by the Federal government. In comparing different levels of government, this leader remarked:

When you go to [a] Seattle City Council meeting, there's probably about a hundred people, give or take, on any given day—and then sometimes more, but not really less. If you go to the King County Council meetings, there's about 14 people there... and then the Federal government, it becomes even further removed. And so, your local governments are really where you can get big action moved for people in general.

Thus, the proximity to the community, combined with growing distrust in higher levels of government, re-centered local governments as key sites where meaningful change could take place.

As local governments became more central to people’s political imagination, they also faced increasing fiscal pressure. When one-time federal payments ran out and state or federal budget cuts became routine, the city faced growing pressure to find new ways to sustain essential services with fewer external resources. Aly, who spent nine years on Council Central Staff, first as an analyst then Deputy Director, supervising others and managing the Council’s budget process, described the local government as the “closest to the people we are serving... part of the same community.” From her perspective, the local government functioned as a critical tissue between the community, the State and Federal governments; lobbying so that more resources came back to their communities. Aly stated:

Increasingly, local government is left to handle the areas where the Federal Government or the State government has kind of backed out over the years. So, you have to be kind of scrappy and constantly looking for new resources or ways to stretch what you have.

Thus, she highlighted how the scaling back of the State and the Feds forced their hand at the local level, urging them to be “scrappy” in order to keep serving the people.

Further, Aly emphasized, because the local government was closest to the people, constituents brought up grievances that often went beyond their jurisdiction:

Local government is like the government where people can see and feel it ...often it is the place where the community can actually come and speak directly to their elected officials...even though many of the things that they want to talk about are actually not within the city or county's purview.

While they were more receptive to community input than higher levels of government, they often did not have the political authority to respond to those needs. Together, these insights highlight that, while the municipal government remained uniquely close to its community—serving as a critical connection between the State and Federal governments—it also faced increasing challenges due to their decreasing support.

Even under these constraints, scrappy managers of inequality have emerged as crucial sites of political imagination and experimentation whose potential impact went beyond the city.

For example, a senior bureaucrat working for the City since 2000, remarked:

We're not city-states. We don't have borders, and so we are subject to people coming and going if you will, as they please, and businesses coming and going as they please. So, I think that constrains the free run that we might otherwise have. On the other hand, I do think that we can be little experiments if you will, *petri dishes for policy*. See what works and what doesn't work... Progressive forces behind some of these things were interested not only in their impact in Seattle, but in creating a national movement that would pick up these ideas and impose them in other cities, or ideally at the state level, and potentially, ultimately at a federal level.

The bureaucrat's reflections highlight both the structural limitations of local initiatives, and the role of cities as "petri dishes" for policy innovation and strategic experimentation. Several respondents—including labor leadership and city administrators—identified the State, rather than the City or Federal government, as the ideal level to make systemic change. Yet, this view was accompanied by deep skepticism about the State's capacity to equitably manage tax collection. As one administrator put it, "We don't trust them to collect our taxes. They have been subject to

much more lobbying than we [have], in terms of exempting different types of businesses and essentially eroding our tax base.”

This distrust extended upward as well. One administrator described the federal government as “institutionally corrupt,” with money determining the national political agenda “certainly meaningfully, since *Citizens United*,” a 2010 Supreme Court ruling that expanded the already outsized political influence of wealthy donors, corporations, and interest groups. In contrast, local governments were more insulated from these dynamics. “I did an internship in DC when I was much younger,” they continued, “And I’ve—not surprisingly—followed politics for a long time. One of the things I like about local government is that it is somewhat insulated from ‘the money equaling politics’ ... Elections are bought and paid for [at the federal level]. I’d like to think that was less true at the local level.” Thus, local administrators echoed the sentiment of the communities they served: local government was a weaker yet more moral and responsive space in the political landscape.

Despite legal constraints, Seattle’s booming economy offered rhetorical and material leverage for local progressives: “The reality is that money is still driving significant parts, significant dynamics in the electorate. At the same time, Seattle’s booming economy gave good fodder for progressive to say, ‘There is money here to be tapped.’” Cities were subject to economic and demographic fluidity, and lacked the sovereignty of “city-states,” yet they could also catalyze broader political shifts. The metaphor of the city as a “petri dish” underscores how local actors embraced experimentation, not as an end in itself, but as a potential model for scaling—first to other cities, then upward to state and federal levels. Thus, local policies were valuable not only for their immediate outcomes but for their capacity to create momentum within a broader political field.

A labor leader who worked with the City Council during many political campaigns described Seattle as a test ground for statewide reform. She recalled “people talking about it, people saying, ‘What could we win in the legislature, and could we do locally that would positively impact our ability to win something in Olympia?’” She pointed to past local initiatives that later led to state-wide changes:

There was always a recognition that in Seattle certain things were politically possible that were not possible for the whole State. But as goes Seattle, so goes the rest of the state, right? We passed the \$15 minimum wage. And then, three years later, we had a statewide minimum wage initiative. And so that’s pretty normal. Seattle will be the test ground.

Be it a “petri dish” or a “test ground,” local experimentations were not only reflective of the city’s progressive ambitions, but also illustrative of their role in shaping a political imagination that could take root elsewhere. Even when legally constrained, these initiatives offered templates for reform that were harder to envision or politically advance at higher levels of government.

These excerpts also reveal the paradox of municipal politics in the neoliberal era: cities are increasingly tasked with solving problems created or exacerbated by federal disinvestment, but they do so with limited fiscal tools and legal authority. In this context, innovation and test cases become both a pragmatic response to necessity and a political performance of capacity, signaling that local governments can still lead. The expansion of local issue areas is not merely reactive, but often strategic; it intends to reshape what is politically imaginable, even as cities remain deeply dependent on higher levels of government for resources and legitimacy.

Ultimately, this reveals the paradox of the new and scrappy managers of inequality: local actors are both the architects and “scrappy” administrators of uneven development, operating from within institutions that were never designed to bear such weight.

Grassroots Momentum

The income tax ordinance had brought together a diverse array of organizations, deepening connections that would continue to shape Seattle’s progressive tax reform efforts. TRU’s Katie Wilson emphasized that while EOI “had the interest in the income tax and a legal strategy” that was focused on the State level, TRU “had really helped to build this big grassroots coalition with all these organizations. And so, there was all this energy after that passed. And we’re like, ‘Well, what do we do with this?’ We don’t want to just be like, ‘Okay, everyone go home. We’ll wait for the lawsuit to play out.’”

The income tax coalition included environmental groups like 350 Seattle; the local union chapters of AFSCME, SEIU 775, UAW 4121, and PROTEC17; the King County Labor Council; and grassroots networks like the Neighborhood Action Councils. Advocacy groups supporting unhoused residents, including Nickelsville tiny house villages and the homelessness nonprofit and newspaper *Real Change*, joined alongside tenant organizations like the Tenants Union of Washington state. These groups were not typical players in the rooms where progressive revenue was debated, which were spaces often dominated by policy specialists, elite stakeholders, think tanks, and technical experts. Political allies also played a critical role, including the office of Councilmember Kshama Sawant (Seattle’s only Socialist Councilmember), Socialist Alternative, the Democratic Socialists of America - Seattle, and the Green Party. With the deepening of connections between many grassroots organizations, a momentum was built to continue the efforts to make change at the local level.

These connections laid the groundwork and connections for future mobilizations, including the 2017 Employee Hours Tax Campaign (supported by Nickelsville), the 2020 Tax Amazon effort (backed by Socialist Alternative, the Democratic Socialists of America, and

Seattle Councilmember Sawant), and what would later become the JumpStart Tax (backed by 350 Seattle, various local union chapters, and the Labor Council). “And so, then we were like, ‘Well, you know, it's great that we got this passed. But we actually, the city actually needs money now to do housing and homelessness,’” Katie recalled.

The income tax mobilization followed closely on the heels of the city and county’s joint declaration of an emergency for homelessness. Thus, the city’s budgetary needs, particularly around housing and homelessness, were only growing. Katie remarked: “We can't just wait for a multi-year lawsuit to play out. That's why we kind of rebranded. We took a lot of the organizations that had joined that coalition, and we reformed as the Housing for All Coalition, and so we basically supported the introduction of the first head tax proposal in the Fall of 2017.”

Through this mobilization, Seattle’s tax coalition began to take shape, establishing the networks and strategies that would drive progressive reform in the years ahead. While EOI’s original theory of change—achieving statewide reform through local initiatives—did not unfold as planned, these efforts proved far from futile. The push for tax reform through legislative means, regardless of immediate success, proved critical in solidifying the foundations of Seattle’s tax coalition and laid the groundwork for future campaigns.

Conclusion

This chapter illustrated the political, legal, and economic context in which Seattle’s field of fiscal governance took shape. From earlier statewide tax reform efforts to the city’s rise as a key site of political imagination and experimenting, I highlighted how local tax politics became a vehicle for negotiating the downward shift in responsibility for social care. These efforts reflected not only Seattle’s progressive aspirations but also marked key moments in the broader

evolution of subnational state formation. Progressive statecraft, while often constrained, contributed to building a coalitional momentum that could reverberate beyond their immediate time or place.

Reform efforts were not solely aimed at achieving immediate policy change but iterative strategies to build legal precedent, institutional capacity, and urban coalitions. For example, the 2017 income tax ordinance—designed to counter regressive taxation and offset potential federal budget cuts—was as much about establishing new administrative practices (through staffing, IT upgrades, and forging ties with the IRS) as it was about enacting tax reform. Urban activists, exemplified by the Transit Riders Union’s “Trump-Proof Seattle” campaign, strategically pursued legally contested proposals, treating them as opportunities to test and expand the boundaries of local authority.

In the two years between July 2017 (when Seattle passed the never-implemented income tax) and August 2019 (when the State Supreme Court upheld its unconstitutionality), new reform proposals began to surface both within and beyond the City Council. These efforts shifted focus away from targeting individual income or wealth and instead aimed elsewhere (business), with different spending needs in mind (housing and homelessness services). It is to these local business tax proposals that the next chapter now turns.

Chapter 3. Revenue of One's Own: Of Taxes and Local Institutions

Introduction

Seattle in the 2010s was the site of numerous, often unsuccessful, tax reform efforts. Beyond the income tax ordinance discussed in the previous chapter, the city relied on other, more legally established methods to raise revenue. During this time, the City Council advanced numerous business tax proposals to fund street maintenance projects, public transit, and subsequently, affordable housing and homelessness services. Unable to advance progressive taxes on income, councilmembers pursued head taxes: a flat tax on businesses based on their number of employees.

Analyzing the key moments of tax fights between 2017-2020, this chapter illustrates how Seattle passed JumpStart, a landmark business tax, when it did. Tax advocates succeeded not only in formulating but also enacting a novel progressive tax on large corporations, overcoming significant institutional and political barriers through the process. This outcome is puzzling, not only because municipal governments rarely engage in such resource-intensive policy processes, but also because cities are seldom viewed as legitimate authorities for generating progressive revenue of their own. Moreover, JumpStart's victory followed the sensational repeal of a far more modest bill to tax businesses, tax just two years earlier.

In what follows, I uncover the institutional processes through which the city embarked on a process of building its local tax structure. Furthermore, I address why one tax was repealed in 2018, while its significantly larger successor was implemented in 2020. The comparison reveals how economic transformation's impacts on the housing market and homelessness eventually compelled the city to seek new revenue tools. As I will show, the state's regressive tax system emerged as both the primary target and a significant obstacle to generating local revenue. Thus,

the chapter uncovers how the mounting strain on municipal capacities, particularly around the affordability crisis, mobilized new claims to fiscal authority at the local level, and positioned the tech boom increasingly as its primary target.

The Creation of a Progressive Revenue Task Force (2017-18)

The 2015 declaration of a state of emergency for homelessness reflected that Seattle and the King County's existing approaches to the crisis fell short. The high cost of living necessitated additional investments in affordable housing, homelessness services, and shelters. As a grassroots organizer for social housing recalled, Seattle City Council "[was] looking for ways to raise revenue, to pay for the obvious things to address." Following numerous tax proposals that never became law, the City Council finally passed a resolution in 2017 to pursue a new strategy, creating the Progressive Revenue Task Force on Housing and Homelessness (the Task Force, hereafter).

The Task Force was tasked with reviewing past proposals, evaluating spending priorities, and studying policy frameworks across the country to produce recommendations for generating between \$25 million and \$75 million. As displayed in Table 1, members included folks with lived experience, businesses, labor representatives, service providers, experts, staffers, and elected officials, who met from January through March of 2018. They represented small and large businesses, service and construction industries, local nonprofits providing shelter and social services. The group was co-chaired by two councilmembers and two community members, for a total of 17 members. They represented diverse communities and interests, joining forces to address the interconnected crises of homelessness and housing affordability in new ways.

Table 1. Overview of Organizations Represented on the Task Force

Organization/Employer	Representation Category
1. Bridge Care Center	Lived experience
2. SEIU 1199NW, DESC	Labor, service provider
3. Public Defender Association	Service provider
4. Uncle Ike's	Business
5. City of Seattle	City Councilmember, Co-chair
6. UFCW 21	Labor
7. Progress Alliance Washington	Subject matter expert, Co-chair
8. City of Seattle	City Councilmember, Co-chair
9. Real Change News	Service provider
10. DESC	Service provider
11. Walsh Construction Company	Business
12. Chaco Canyon Organic Café	Business
13. Share/ Nickelsville	Lived experience
14. HomeSight	Service provider, Co-chair
15. Transit Riders Union	Subject matter expert
16. SCIDpda	Service provider
17. Café Red	Business

Establishing Local Authority

The Task Force recognized that the existing tax system was part of the problem: despite extreme wealth growth in the city, these gains were not being used to invest in public goods and the communities adversely affected by this growth. Their report stated: “Despite the economic prosperity driving growth in the City’s revenues, *and in part because of it*, Seattle is facing a homelessness crisis of unprecedented proportions.” A new progressive tax could address this imbalance by compensating those less well off in a system that had unfairly benefited certain groups over others.

Defining the policy problem also required justifying why housing, a challenge that is regional if not national in scope, should be addressed at the city level. The Task Force and the City Council stressed the urgency of the problem and inaction on the part of other levels of government to claim taxing authority. The Task Force highlighted the Federal Tax Cuts and Jobs

Act of 2017, lowering the corporate tax rate from 35% to 21%, effected a 40% cut in revenue. This substantial reduction would severely impact resources allocated to affordable housing through Low Income Housing Tax Credit (LIHTC), the largest federal program supporting the production of affordable housing.

City officials anticipated that this federal rollback would hinder housing development amid the affordability and homelessness crises. “While it is necessary to push continually for increased state and federal investment in affordable housing and homeless shelter and services, recent history does not support high expectations,” the Task Force stated, asserting the importance and timeliness of local action.

In addition to addressing the federal government, the city justified their role in policymaking relative to the state and regional authorities. The Task Force noted that state constitutional limits on progressive revenue constrained potential revenue mechanisms. At the county level, the Task Force and the City Council supported the regional “One Table” initiative aimed at addressing regional homelessness, though the initiative’s sincerity was questioned. Councilmember Gonzales recalled that after forming the Task Force, they reached out to One Table to coordinate and cooperate, but “the response was silence.” “I have questions and concerns about whether it was a sincere offer to engage in a regional approach,” Gonzales said, “but I still remain open to any solutions and proposals.” Ultimately, while there was interest in pursuing more investment from state and federal governments, the urgency of the situation necessitated immediate action by the city.

Establishing a Sense of Fairness

In addition to acknowledging the issue and why it fell on the city to generate revenue, city officials had to determine where it would come from. “It’s really important for us to recognize that we have been continuously asking the same people—property owners and renters—to foot the bill,” said Councilmember Gonzales, who also co-chaired the Task Force. Gonzales believed that the existing tax structure unfairly placed the tax burden on working families, who were already suffering from the affordability crisis. Therefore, she argued, it was time to “spread some of that tax burden” onto the business community.

When determining who would be subject to the tax, business representatives on the Task Force proposed a “skin in the game” approach: “Try, if possible, to avoid a dynamic where the solution is someone else’s to carry entirely.” Addressing housing equity was established as the city’s top priority, requiring local action and contributions from all businesses. Thus, they advised against revenue-based exemptions, arguing that even a small contribution would engage the business community in spending discussions. This approach would later become problematic when small businesses mobilized against the legislation.

Policymakers rely on established understandings of target populations (Steensland 2006) and the state’s boundaries (Mayrl and Quinn 2016) to craft and enact policies. The processes documented here illustrate how institutional capacity and the interplay between different levels of government complicate these logics of appropriateness. The time and effort Seattle policymakers invested in legitimizing political authority shows how inter-governmental boundaries *within* the state present unique challenges for local governance. Local governments both address policy problems and target specific populations to drive action and also strive to assert their authority relative to governments at higher scales. In doing so, local actors claim

responsibility for addressing issues, legitimizing their activities. In Seattle, officials asserted their own authority by highlighting the inadequacies of county, state, and federal efforts to address homelessness. They also emphasized the need to collect this new revenue from businesses, considering the existing distribution of tax burden among city residents.

Regressing to Regressive Tax Proposals

Although a revenue target of \$75 million was unprecedented, the Task Force quickly realized that it fell seriously short of addressing the city's growing and urgent needs. Thus, the target functioned more as a ceiling for the proposals, rather than a range for policy development.

City administrators and council staff were central to the process of developing and selecting policy proposals, the basic structure of which is displayed in Figure 2. While civil society actors made up the Task Force, Council and legislative staff frequented the meetings. Through their input, the Task Force quickly established that legal viability, technical feasibility, and lack of data on businesses severely limited any course of action that the city had not already pursued. For example, when members expressed interest in pursuing a tiered tax model based on business size, City Staff remarked that it could be legally challenged. For graduated tax options that were within legal authority, the staff could not offer estimates. "Part of the challenge is that the city doesn't directly collect the data needed for these calculations," they explained. Additional complexities reduced confidence in estimating revenue and fiscal impact. Thus, the state constitutional barriers banning a progressive income tax also limited data collection.

Without an income tax, the government lacked data on businesses and their economic activities. Although the council was pursuing a different pathway to policy development by

including a wide range of stakeholders, the institutional context, as Figure 2 shows, overdetermined what could be explored by a coalition tasked with coming up with alternatives.

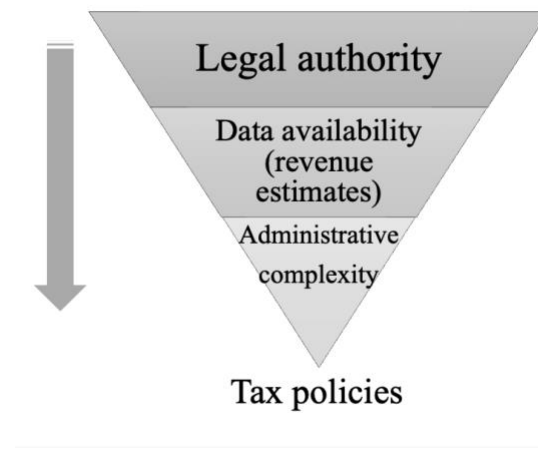


Figure 2. The policy inertia funnel: developing and selecting tax proposals.

Given the legal constraints and underdeveloped infrastructure, bureaucrats played an outsized role in the formation of the Task Force’s final recommendations. In their final report, the Task Force included several policy ideas with legal viability from cities like Portland and New York City. Even as the Task Force reviewed a variety of progressive local policies from across the United States to seek innovative ideas (cf. Burstein 1991), institutional variation impeded their ability to make comparisons with cities outside the Puget Sound. Within the Puget Sound, the chances that a progressive policy would emerge outside of Seattle was unlikely. Thus, the Task Force and the City Council spent little to no time considering the excessive compensation tax based on executive pay in Portland, or New York City’s Mansion Tax that collected a 1% levy on the sales of residential property of \$1 million or more. They were left with two alternatives that were known to work and for which the City had established authority: a payroll expense tax and an employee hours tax.

A tax based on business payroll was deemed favorable on grounds of fairness and progressivity. Businesses with high income workers would pay more than low-margin sectors, which made the payroll expense tax more equitable than its alternatives. But it would be difficult to administer because the city collected no information about business payroll. An employee hours tax, imposing a flat tax per employee would be relatively simple to administer. However, it would disproportionately impact industries with low profit margin, employing low-wage workers. A minimum-wage worker at a grocery store and a high-earning tech worker would have the same tax cost on their employers.

The sense of urgency to legislate limited sincere consideration to a single policy option: the Employee Hours Tax (EHT). The Task Force recommended that the city implement a flat tax per employee to generate \$75 million revenue. “The general observation that in an ideal world there would be more progressive options than our recommended option,” a Task Force member remarked as the group crafted their final report. “We’re not going to recommend something that is going to be legally challenged and that is going to take several years to implement.” Thus, the recommendations were passed on to the City Council’s Finance Committee to develop the legislation.

The Task Force recommended that the city raise \$75 million, the bar set by the Council and urged the Council to find another \$75 million to meaningfully address the city’s pressing needs. While the Task Force explained that the needs of the city dramatically exceeded \$75 million, the target was still dramatically higher than past tax proposals considered by the City Council, which had revenue targets ranging between \$4 million and \$24 million.

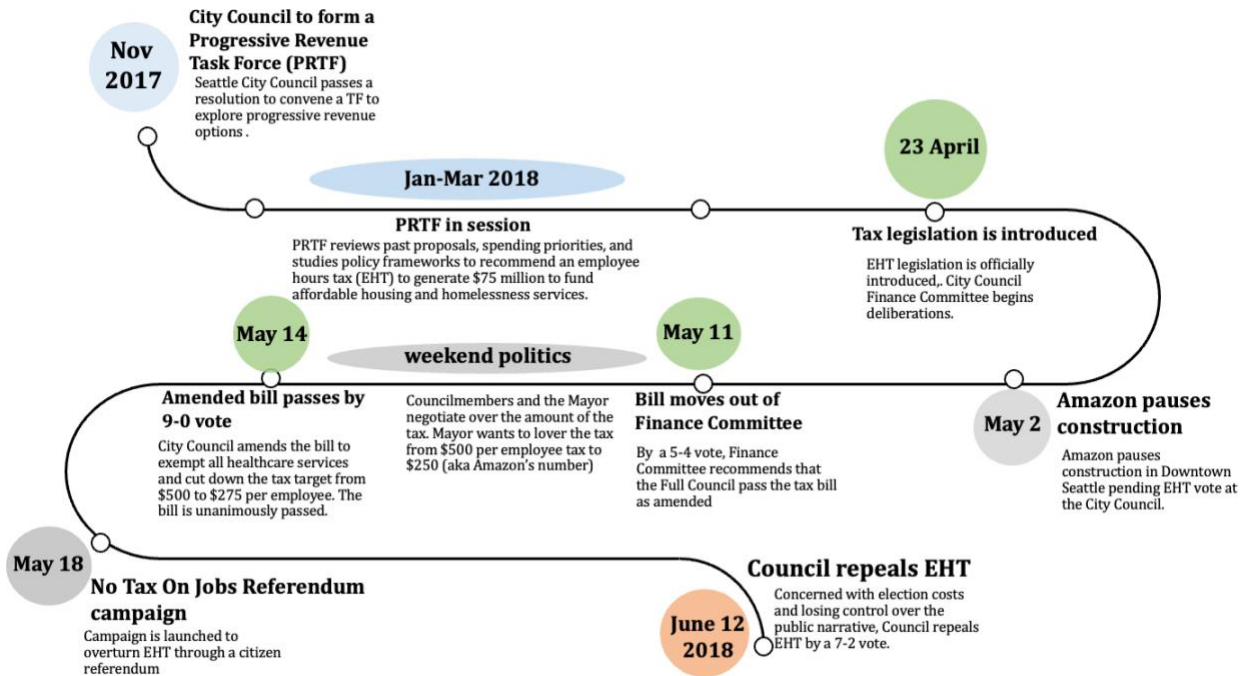


Figure 3. Employee Hours Tax Timeline (2017-18)

Proposal Development and its Administrative Limits

The EHT’s policy process, initiated by the creation of the Task Force, is outlined in the timeline presented in Figure 3 above. Public input, especially from the business community, was central to the proposal development process. However, institutional structures dramatically constrained action strategies for mobilizing support. The Finance Committee held numerous public meetings to discuss revenue considerations, the potential spectrum of needs, and the structure of the tax. A business roundtable was held to engage businesses, nonprofits, and a small business advisory council meeting was convened by the mayor. The chair of the Finance Committee, Councilmember Bagshaw brought up a letter signed by 301 small businesses to demand an economic analysis for comparative tax burden before moving forward with the legislation. This put the “skin in the game” idea at jeopardy and worked in favor of the tax opposition.

Katie Wilson, representing TRU on the Task Force, elaborated on the motivation behind the “skin in the game” idea and how it played out politically:

There was[sic] a couple of small business owners on the Task Force, and they felt bad. [The skin in the game idea] came from a small business owner saying, ‘Well, small business owners should contribute something, right? We shouldn't just totally exclude them.’ And so, in the initial proposal that was floated to the Council. It was like, ‘Oh, and small businesses will contribute. It's a nominal amount, right? So, we're all in this together, right?’ But politically, that was just a horrible idea, because then it just meant that we had this huge backlash. Small businesses were like, ‘Are you fucking kidding me?’ And then the chamber and the big businesses were able to use that as cover and so there was just this massive freak out, so that part was dropped.

Small businesses on the Task Force had believed that even a small contribution would engage the business community in spending discussions. However, this idea led to a sizable political backlash that first started among small businesses and then spread to the Chamber of Commerce and big businesses, who leveraged the idea to fuel anti-tax mobilization.

The push for the administratively simple EHT gained even more traction in the Council’s Finance Committee, overshadowing more equitable alternatives like a payroll expense tax. On the one hand, the council had to account for the political cynicism in the city about finding an effective solution to homelessness. The homelessness emergency and the affordable housing crisis required an immediate response from the city; however, the lack of precedent made unfamiliar options fall out of favor. Councilmember Bagshaw, who chaired the Finance committee, spoke with a sense of urgency: “I want to see these thousand units of something going in so that people who are outside, on the street in tents [...] we can get them inside and have a healthy environment.” Taking immediate action using the available tools became the guiding force in determining what options received consideration from the Finance Committee. Bureaucrats explained that they would need several years to implement a payroll expense tax,

develop a tax collection tool, and hire staff with relevant experience. Thus, the policy options that met the criteria of immediate actionability were sparse.

On the other hand, businesses demanded fiscal impact analysis, which made administratively complex yet politically desirable solutions like the payroll expense tax go out of favor. Councilmember Bagshaw emphasized that they needed a plan, rather than a picture: “a plan that people can see and respect.” Ultimately, the regressive tax system that limited what the Task Force could explore also impeded the Council’s pursuit of progressive options within the City’s legal authority. The emphasis on transparency and accountability, exacerbated by the lack of confidence in estimates, resulted in a dilemma between equity and accountability toward the business community. The institutional context and urgency that compelled immediate action also constrained the political opportunities to mobilize support for reform.

The elected officials who advocated for the tax expressed frustration about the situation of having few tools and needs that outpaced them. Councilmember Gonzales noted that even the County had more tools than the city. “There is [an] inherent regressive nature to any tax we propose because we are functioning within an environment that is designed to so severely limit us and so severely limit the tools available to us...to address local and regional needs,” she conceded. “[T]he tools in the toolbox are very limited at this point.” The EHT legislation, a flat business tax per employee, set to collect \$75 million with no “skin in the game” for businesses below the \$20 million revenue threshold was introduced at the City Council shortly after.

Limits of Institutional Isomorphism?

It is well-documented that the knowledge intensive process of developing a new proposal urges policymakers to prioritize technical feasibility and stick to familiar solutions (Kingdon

[1984] 2013). Policy feedback effects create continuities over time (Pierson 1993), and institutional isomorphism creates homogenization across space (DiMaggio and Powell 1983). While policymakers tend to pick up policies from elsewhere to mitigate uncertainty and to signal credibility (Bell and Mallinson 2021), variation in institutional rules (e.g., legal viability) and political authority constrain what lessons can be drawn from elsewhere. As the case of Seattle shows, local administrative capacity and perception of urgency (Lesch and Millar 2022) create dilemmas for policymakers in ways that add to inertia and constrain policy development.

Majority Rules and Political Bargaining

Five out of the nine councilmembers advocated for the city to pass the new tax. However, the mayor and the remaining four councilmembers—aligned with some of the groups that would be directly affected—opposed it. Since a 6-3 majority was required to override a mayoral veto, pro-tax officials sought to broaden support by addressing opponents' concerns. They proposed various amendments, including revenue- or industry-based exemptions, to exempt small businesses, healthcare providers, and nonprofit organizations from the tax.

However, no amendment could account for profit margin or employee earnings. Because exemptions accounted for revenue but not profit margin, the tax would disproportionately target low-profit industries like groceries. The institutional tension between equity and accountability worked in favor of the organized opposition: because the tax was calculated based on the number of individuals a business employed, tax opponents could strategically mobilize a broad opposition of strange bedfellows.

Split Labor: Sectoral Division and Political Alignment

The EHT would impact Seattle workers differently, potentially impacting some labor groups over others. While service providers, care workers working with people experiencing homelessness advocated for the tax, building trades remained less enthusiastic. For the building trades, economic growth meant employment. Amazon's threats of capital flight, combined with the possibility of another economic downturn like the Boeing Bust, or the 2008 Recession spread fear among the building trades.

In late 2017, Amazon—in a highly publicized campaign—had also announced it was looking for its second headquarters in North America. Amazon's announcement had led to a race between North American cities, enticing the company by offering tax breaks, subsidies, free land, and control over public finances (Westneat 2017). Thus, the abundance of incentives offered from across the United States arguably constrained the political opportunities for taxing Amazon in Seattle. Having endured the Boeing Bust, the region faced the looming possibility of yet another economic downturn, compounded by the persisting challenge fiscal regressivity presented to progressive pursuits.

For many workers, past crises were moments of collective trauma, reinforcing the belief that job security was essential to affordability—no housing was affordable without steady employment. As a result, some workers and building trades leadership were wary of taxing businesses, fearing it could jeopardize their livelihoods. When Amazon announced it would pause downtown construction until a policy decision was made, concerns over job losses intensified, culminating in peak anti-tax protests by building trades union members.

Workers representing the Seattle Building Trades filled the Council Chamber to speak during multiple public comment periods. As one representative for the Seattle Building Trades opined:

Through collective bargaining and our relationships with contractors, we've built these unions up extraordinarily, where we're contributing hundreds of millions of dollars to the middle class. For a decision to get in between our ability to make a living. I mean look out at these workers here [Behind him, many workers are seen, holding up orange signs that read "DON'T VOTE OUR JOBS AWAY"]. One of these workers is going to have to go home and tell their family and their kids that they don't have a job anymore. That is the most irresponsible thing that I think could ever happen (...) because of a decision here (...) Please take a look at these people that are working hard in the city every day.

This speech, filling the Chamber with the sound of claps, revealed the way the building trades viewed the tax as a threat to their livelihoods and to their relationship with contractors.

One of the organizers I interviewed, a 48-year-old woman of color, described herself as “someone that would make urbanist spaces less white, less anti-tax, less...uh...male and more intersectional. Also rooted in holistic policy thinking, not just one issue thinking like, ‘we're going to get zoning change.’” Laura, who had extensive experience knocking on voters’ doors, explained to me that Seattleites who had lived through the Boeing Bust were “really scared of losing the large employer and what that does to the region.” “I think there's just a lot of fear that Amazon will go somewhere else. And so, Amazon's kind of holding everyone hostage to that fear, especially people that are in power, of a certain age and generation of Seattleite that grew up here,” she explained.

Laura had heard from many senior residents while canvassing, “knock[ing] on every single voter in district four’s doors 3 different times... for different candidates.” Laura continued, “All those voters that are over 50, over 60 and they are terrified.” She remarked that long-time residents of Seattle were in a political bind: “It's funny because they hate Amazon, and they hate

that Amazon destroyed their city, at the same time they're also terrified of having, like a giant economic downturn.” The fear of capital flight due to Amazon’s threats summoned memories, constraining what Seattle residents thought possible for their city.

Samantha, a labor organizer, further elaborated on why people of Seattle felt hesitant about taxing “local” businesses. “For a long time, people felt very protective over Amazon, right? And did not want to hold them accountable in any way, shape or form for that, right? That is our local homegrown company, which you know for decades, we've also seen with Boeing...It's not just a corporation. It's our corporation [low laughter] But I think the tide has turned on that a little bit for Amazon,” Samantha said. This quote speaks how the interests of a “local homegrown” can become deeply intertwined with those of the public, even as existing structures fail to hold businesses accountable, leaving some workers particularly vulnerable to economic uncertainty and corporate decision-making.

Furthermore, a labor representative emphasized how some labor groups had suffered during the 2008 crisis, recalling the severe job losses workers faced: “Thousands of people went from working tons of overtime and making good money—building skyscrapers and houses—and within six months, were homeless, living out of their cars... So, it's like that's all in their memory.” Having already endured one recession and its devastating effects, many workers were especially sensitive to business’ threats of capital flight in response to local tax reform efforts. The respondent further explained that some labor leaders had personally experienced the consequences of the 2008 crisis: “It was less than a decade ago. And some of those labor leaders were unemployed during that time. [They] were rank and file members at the time of the last recession. So, they have this really visceral, emotional memory of what happens when

construction slows down.... I think that made them particularly aware of what it would mean if some of these companies said: ‘Yeah, we’re not going to do anymore.’”

Both business associations (e.g., Downtown Seattle Association) and the mayor highlighted the tensions within labor to undermine the credibility of the EHT. Although the EHT did not directly affect employment, the flat tax provided business groups with rhetorical resources to shape perceptions of its costs and benefits. The interplay between business and labor interests, driven by economic growth, led to a combined backlash from both business and labor organizations (see Figure 4 for an overview of pro- and anti-tax coalitions).

Broadening the Coalition, Narrowing the Policy

Councilmembers, having failed to demobilize opposition, worked to broaden the coalition within the council so that they could override the mayor’s veto. By cutting down the tax to \$275 per employee per year, they reduced the revenue target from \$75 million to \$48 million. Further, an amendment was added to sunset the tax in five years, unless an economic assessment determined otherwise. “This is the result of a lot of talking and listening over the weekend to prevent a veto,” Councilmember Herbold stated, adding she was “struggling with this compromise plan.” Councilmember O’Brien said he was “settling for this level of service” because they did not have enough votes otherwise. Councilmembers needed the support of the remaining four councilmembers to override a mayoral veto. Councilmember Johnson, who was one of these four noted, “the plan today has 8 sponsors for a reason (...) a reasonable compromise (...) to get people off the streets.”

Although Amazon executives and the mayor did not participate in generating policy alternatives or engaging in public discussions about the proposals, the private negotiations

between the mayor and councilmembers—aimed at appeasing businesses, particularly Amazon (Beekman 2018)—compelled the council to significantly amend the legislation. The amended EHT was passed unanimously. Following these public and private negotiations, the City Council unanimously passed a compromise bill that reduced the annual revenue target from \$75m to \$48m. The EHT was scheduled to go into effect the next year, with a 4-year sunset clause after which it would require approval to remain in effect.

Opposition Overrides the City Council

Council’s unanimous decision did not deter the opposition. The president of the Downtown Seattle Association spoke to *Seattle Times*, noting that big business leaders were “‘doing their homework’ on the city’s referendum process” (Beekman 2018). Therefore, reaching a consensus through legislative channels fell short of demobilizing the opposition. Resourceful stakeholders could strategically turn to other channels to override the council. As Pearson (2014) shows, referendums occurring before policy implementation work in favor of tax opponents. Opponents can emphasize the complexity of proposals to generate fear and uncertainty if voters have not yet started enjoying benefits, and do not yet see the tax as a part of the status quo (Pearson 2014). Indeed, Pearson (2014) finds that the Washington state’s historic rejection of the income tax occurred because of such a sequence in policymaking.

Less than a month after passing the EHT, Seattle City Council held an emergency meeting to repeal the unanimously passed “compromise plan”. As shown in Figure 3, “No Tax on Jobs” referendum campaign was launched soon after the EHT’s passage. Even though the Council bypassed a mayoral veto, opposing groups collected 45,000 signatures for a petition to put the tax to a referendum vote. Backed by business and some labor groups, the campaign

gained steam to repeal the EHT at the ballot box (Semuels 2018). Despite having passed the tax with a 9-0 vote, Seattle City Council was quick to repeal the tax before it reached the ballot.

Councilmember Herbold said the Chamber of Commerce convinced most of Seattle that the government was ineffective. She believed that the opposition had unlimited resources, and that Amazon overwhelmed the government's capacity. The Council felt they did not have the time or resources to change minds to be successful at the ballot, so councilmembers were repealing the tax themselves. "EHT was a collective approach. More effective than Austin and San Francisco but you have to make sure the story is told," Councilmember Mosqueda stated. "We asked large corporations to make a small payment," she continued, "It is bad for business when people are sleeping outside." Councilmember Gonzales reminded that the council had pursued a process of 9 months, adding it was "money that outsized us." She said they would look for ways to hold external interests accountable. The EHT was repealed by a 7-2 vote.

Limits of Participatory Politics

Legal scholar Appleby (2020) contends that Seattle "kindled the trend" of local taxes targeting big businesses in tech-dominated West Coast cities, even as its own measure got repealed in the process. As many localities face homelessness and various strains on their public infrastructure, targeted laws as a way of compensating the externalities of growth gained support. For legal scholar Scharf (2020), reforms to local revenue authority became necessary, as local governments' spending responsibilities increased without expansions in their fiscal authority. When combined with urban residents' strong support for active government relative to the rest of their states, and inaction by the state and federal governments, local officials and policymakers were pressured to step up (Scharf 2020).

Despite the Council's lengthy process to formulate the EHT and the Task Force's efforts to bring together a wide range of stakeholders, key opponents, such as the Chamber of Commerce, had declined participation. The democratic process failed to engage these opponents, who instead leveraged alternative channels to influence the legislative outcome. The tax system contributed to inertia, as officials reinforced anti-tax sentiments by reverting to familiar policy templates that had already proven ineffective.

The local elections following the EHT reveal significant political dynamics of the time. Despite substantial financial backing from Amazon and other business organizations, voters did not elect moderate, business-friendly candidates to the City Council (Kroman 2019). Instead, the majority of the newly elected City Council members supported progressive business tax reform (Kroman 2019). This shift signaled new opportunities for generating local revenue to address inequalities.

Political Opportunities and Resource Mobilization

At the beginning of 2020, calls for tax reform in Seattle intensified once again. Politicians in Seattle and King County, lawmakers in state capital Olympia, and affordable housing advocates were all circulating tax proposals to address regional homelessness and the shortage of affordable housing (Beekman and Romano 2020). Seattle lawmakers were not alone in developing such proposals; they echoed nationwide discussions about 'taxing the rich' leading up to the 2020 Democratic Primary (Tankersley and Kaplan 2020). The *New York Times* reported an escalation in progressive tax proposals, which were on the agenda of every leading Democratic candidate (Tankersley and Kaplan 2020). Thus, while reform took place at the city-

level, it tapped into a wider momentum in Washington state, and to a degree, the pro-tax national mood leading up to the 2020 presidential election.

Like the sentiment among the elites, the polls showed widespread public support for redistribution, with most voters favoring taxes on the wealthy (Casselmann and Tankersley 2019). Additionally, following the repeal of the EHT, San Francisco had passed new taxes on large corporations for homelessness programs, receiving strong backing from both voters and the city's largest employer, Salesforce. Thus, the political momentum was ripe for successful reform. Potential opponents and tax skeptics in Seattle, including business elites, had more to gain by participating in discussions about the shape of tax reform rather than rejecting the reform entirely. Reflecting back on that time, a senior City bureaucrat explained:

Obviously, there was a renewed interest in the progressive taxation.... Teresa Mosqueda got elected, for instance. So, there was a shift to the left, as classically described. And again, there was a real focus on expanding the city's activities in certain areas. The business community was, in terms of political influence, on the wane rather than on the rise. Then, obviously the pandemic hit. Interestingly, although initially there were a lot of fears about what the pandemic was going to do to the local economy. We actually did just fine. And oddly or not, oddly, because tech booms during the pandemic. 2020 was particularly difficult, but by 2021, Amazon--I don't know this fact, but you know Amazon was delivering packages to everybody because nobody could go shopping, whatever and everybody was spending all their time on social media. I don't know, right? But I do know that those firms were continuing to hire and continuing to generate significant amounts of money.

The above quote encapsulates how progressive efforts accelerated at a time when the city electorate was shifting to the left, and when there was "a real focus" on expanding the city's activities in specific areas, most notably in housing and homelessness policies. The City bureaucrat also highlights how the renewed interest in progressive taxation came at time when local tech companies were continuing to hire and generate significant amounts of revenue during

the pandemic, therefore making those companies an obvious target for collecting additional revenue for the City.

Institutional developments too, supported the advancement of new proposals. After 2018, there was a strong consensus against a “head tax” solution. At the same time, the city’s need for additional revenue only grew. Policymakers across the state began exploring alternative revenue-generating proposals that would address housing insecurity without antagonizing businesses. Between January and March of 2020, Washington lawmakers proposed and discussed two House and two Senate Bills to grant counties additional and progressive tax authority through new payroll expense taxes aimed at reducing homelessness. Although the state bills did not advance, they still provided Seattle lawmakers with legal language and viable policy frameworks to model their own plans.

In early 2020, a coalition of advocacy groups and community organizations launched the “Tax Amazon” campaign. In April of 2020, the coalition-backed tax proposal was officially introduced to the City Council: a payroll expense tax on big businesses with the goal of generating \$500 million per year. The bill, co-sponsored by two councilmembers, did not impose graduated tax rates. Instead, tax liability was proportional to their total Seattle payroll, meaning it was based on how much they paid their employees. Two months after the Amazon Tax proposal, another councilmember introduced an alternative proposal: JumpStart. JumpStart had a lower annual revenue target than its alternative, imposing graduated tax rates based on both total payroll and the share of high-earning employees. Furthermore, JumpStart received endorsement from a broader cross-class coalition, including technology sector leaders, such as Expedia Group, nonprofits, and labor unions.

Rather than pursuing a diffuse redistribution of resources and opportunities across all city residents, JumpStart targeted a very narrow yet wealthy segment of the population through a payroll expense tax. By targeting big businesses, which disproportionately employed the local high-income workforce, the city could navigate “fiscal fairness” within the constraints of the Washington state constitution, which banned Seattle and all other locales from directly imposing an income tax.

Figure 4 comparatively maps the key actors in the pro- and anti-tax coalitions for 2018 and 2020. Two notable changes emerge from this coalition mapping. First, in 2018, labor groups were split across opposition and support, but by 2020, they had consolidated in favor of tax reform. In contrast, while businesses were predominantly opposed to the EHT in 2018, their stance became more divided between pro- and anti-tax groups by 2020. Therefore, while business power became more fragmented over time, labor groups unified in their support for tax reform.

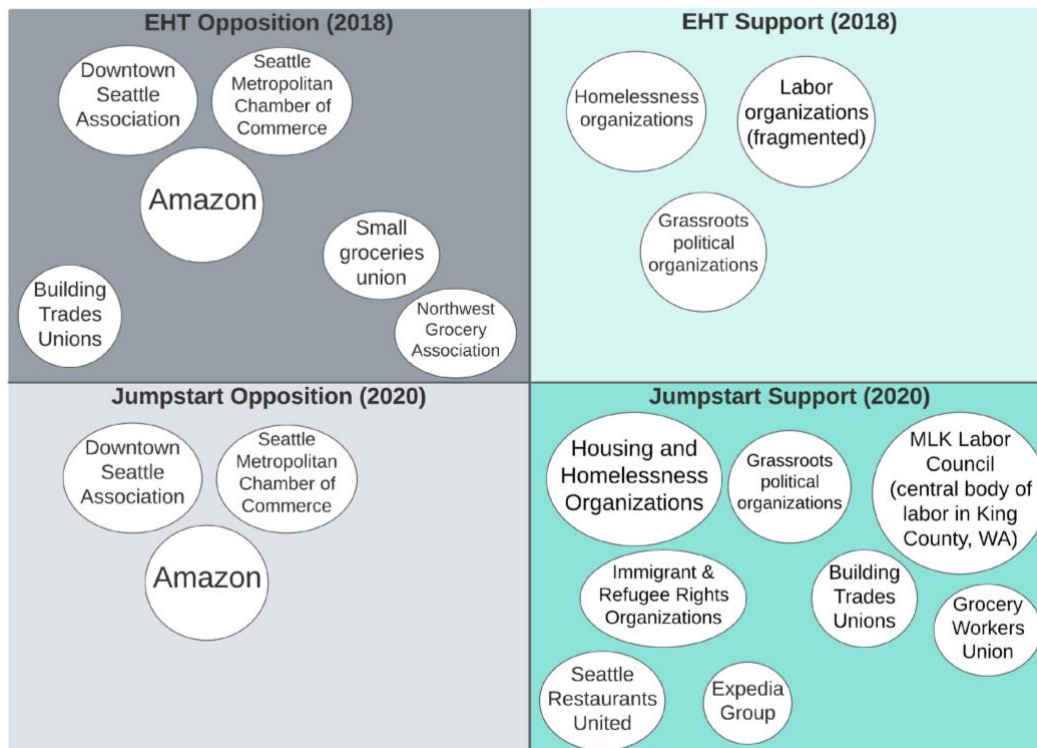


Figure 4. Mapping pro- and anti-tax coalitions: EHT (2018) versus JumpStart (2020).

JumpStart (2020): Narrower Target but Larger Revenue

In June 2020, when Councilmember Mosqueda announced the JumpStart proposal, the mood was radically different from that of the task force's recommendations two years prior. At the press conference where JumpStart was introduced, Mosqueda was surrounded by housing advocates, business and labor representatives, Sara Rankin, a Seattle University Law Professor and director of the Homeless Rights Advocacy Project emphasized the timing of the bill. A national expert on homelessness law and policy, Dr. Ranking asserted that people experiencing homelessness were more likely to be impacted by the COVID pandemic. Richard de Sam Lazaro, representing Expedia group, a major travel technology company, spoke next. Lazaro acknowledged the necessity of tax reform, despite their concerns about new taxes. Then, Steve Hooper, representing a major restaurant group, urged the business community to come together for JumpStart. Hooper expressed his appreciation for the inclusiveness of the policy process.

When it was Councilmember Mosqueda's turn, she too underscored the inclusiveness of the JumpStart coalition. They had reached out to over 100 organizations for this "data-driven proposal." Thus, Mosqueda could signal to the public that businesses were not united in opposition to tax reform. In fact, leading tech companies that had opposed the EHT, such as Expedia Group, were collaborators on her tax proposal. Grocery workers and building trades leadership too voiced support at the event, an important shift since the EHT in 2018. Therefore, JumpStart successfully mobilized support from key groups who had not been part of the EHT coalition.

Table 2 below provides a comparison of the policy processes for the EHT (2018) and JumpStart (2020). Modeled after an unsuccessful state bill, JumpStart narrowly targeted large corporations with high-earning employees. The tax applied progressive tax rates between 0.7-2.4%, based on two criteria: a business’ total Seattle payroll, and the subset of employees earning over \$150,000 annually. Most Seattle businesses are exempt, including those with payrolls under \$7 million and grocery companies. Nonprofits were initially included, though a time-limited exemption was carved out for nonprofit health care entities. Attempts to broaden these exemptions were ultimately unsuccessful.

Table 2. EHT (2018) versus JumpStart (2020).

	2018 Employee Hours Tax	2020 JumpStart Tax
<i>Type of tax</i>	<ul style="list-style-type: none"> ● Flat tax per employee 	<ul style="list-style-type: none"> ● Progressive tax rates based on: <ul style="list-style-type: none"> ○ total payroll ○ earnings of high paid employees
<i>Exemptions</i>	<ul style="list-style-type: none"> ● Nonprofits ● Healthcare industry ● Small businesses 	<ul style="list-style-type: none"> ● Grocery businesses ● Business exclusively employing low-wage workers
<i>Pace and mood</i>	<ul style="list-style-type: none"> ● A sense of urgency ● Discovering institutional barriers 	<ul style="list-style-type: none"> ● Slow pace due to Covid restrictions ● Political opportunities ● New institutional resources
<i>Pro-tax coalition</i>	<ul style="list-style-type: none"> ● Narrow ● Divided labor 	<ul style="list-style-type: none"> ● Broad ● Cross-class support
<i>Plausible alternative</i>	<ul style="list-style-type: none"> ● No reform 	<ul style="list-style-type: none"> ● Amazon Tax
<i>Target (outcome)</i>	<ul style="list-style-type: none"> ● \$48m (repealed) 	<ul style="list-style-type: none"> ● \$200m (in effect)

Despite a lack of data on mega-corporations like Amazon—whose Seattle payroll exceeds \$1 billion—JumpStart’s revenue projections remained robust. Conservative estimates predicted \$175 million in annual revenue, roughly four times the target of the repealed EHT, which sought \$48 million. In its first year, JumpStart brought in \$220 million. To mitigate COVID-induced shortfalls, the first \$86 million was used to replenish the city’s Emergency and Revenue Stabilization Funds. The remainder funded services impacted by the recession, including food and rental assistance, small business relief, and programs supporting immigrants and refugees. Since implementation, the tax has raised an average of \$287 million annually, about 60% of which has gone toward affordable housing. Recognizing its role in shaping progressive taxation, the city council has continued discussions on new revenue strategies. Housing activists, leveraging JumpStart’s success, mobilized for a ballot initiative that ultimately led to the passage of an additional payroll expense tax in 2024 to fund social housing.

Beyond its revenue model, JumpStart was distinct in its political strategy. Advocates engaged in anticipatory feedback strategy by soliciting input from a broad range of stakeholders, allowing them to shape the public narrative and reduce uncertainty. Councilmember Mosqueda, backed by a wide coalition that included sectors of the business community, resisted calls for broad nonprofit and healthcare exemptions by citing community input. The proposal was viewed as technically feasible and faced no organized opposition, giving it a strong chance of survival from the outset (Kingdon [1984] 2013; Bell and Mallinson 2021). JumpStart’s success hinged on its ability to strategically navigate internal divisions within the business community. By focusing on companies with the highest concentrations of wealth and high-salaried employees, the proposed disrupted the formation of a unified business front against taxation. It also exempted

labor-intensive industries and low-wage employers, minimizing opposition. In this way, JumpStart mobilized support not just in spite of but through its targeting logic.

While the EHT faced repeal efforts despite a halved revenue target, opposition coalesced around the perception of disproportionate impact rather than the scale of taxation. This contrast illustrated that the level of taxation alone did not determine policy outcomes. In JumpStart's case, inviting potential opponents into the proposal-writing process and foregrounding equity in both who was taxed and how funds would be spent helped demobilize resistance and broaden the base of support.

When the city council deliberated progressive revenue strategies, the discussion began not with the tax itself but with the spending plan. Councilmembers prioritized funding goals first—affordable housing and homelessness initially—then determined the revenue mechanism. As coalition-building continued, the scope of proposed investments expanded to include equitable development, workforce stabilization, small business assistance, refugee rights, and Green New Deal initiatives. By the time the council voted, five of the nine members were already co-sponsors. JumpStart passed out of the Finance Committee on July 1 and was approved by the City Council five days later in a 7-2 vote. The resolution outlining the spending followed later that month.

In short, JumpStart leveraged proximity to wealth and political opportunity to tax concentrated prosperity and redirect it toward communities harmed by rapid growth. It succeeded where earlier efforts failed by grounding its design in stakeholder feedback, embedding equity into its structure, and expanding the frame of who benefits from public investment.

Since its passage by the Seattle City Council in July 2020, JumpStart has been generating revenue of \$200 million or more per year. While the repealed EHT (2018) would have been

earmarked exclusively for affordable housing and homelessness services, JumpStart allocated funding for additional programs, including workforce stabilization, equitable development, and Green New Deal investments, representing the interests of a broader tax coalition.

Conclusion

In this chapter, I traced the key moments, actors, and strategic decisions behind iterative tax reform campaigns in Seattle, culminating in a new redistribution model. In doing so, I illustrated how Seattle passed a historic business tax when it did, highlighting the role of institutional processes, failed reform attempts, and political strategies centering on a new model to calculate businesses' responsibility to pay. Seattle officials asserted political authority over the provision of social care, even in the face of political-legal barriers. While this chapter situated revenue generation strategies in a political-institutional context, the next chapter shifts focus to the other side of redistribution: spending. Specifically, I focus on the domain of affordable housing, situating JumpStart within broader political economic shifts that contributed to the reframing of affordable housing as a local revenue problem.

Chapter 4. Affordable Housing as a Local Revenue Problem

Introduction

How did affordable housing emerge as a local revenue problem in Seattle? This chapter situates JumpStart within broader political economic shifts in the United States, tracing the transition from federal retreat to neo-municipal responses aimed at developing and preserving affordable housing. Through an analysis of the Seattle Housing Levy and the payroll expense tax (JumpStart), I show how the city came to regard housing insecurity as a *local* fiscal challenge, and how it came to tax the rich through a *spending-first* policy agenda. In particular, I examine how housing advocates, city officials, and policy partners in political campaigns framed redistribution not only as a moral imperative, but as a budgeting priority that required new, durable sources of local revenue. This chapter examines how these fiscal strategies have evolved, offering insights into a shared sense of accountability, responsibility, and what folks owed each other in that imagined community.

From Federal Retreat to Local Innovation: Housing as a Local Fiscal Challenge

Housing had been established as a local fiscal challenge long before JumpStart and the tech boom. The Reagan administration's 1981 cutbacks to Federal housing programs forced local governments across the United States to allocate a greater share of their total revenue to housing and develop new revenue streams (Millward 1990). Federal funding for housing programs plummeted from \$42 million in 1979 to merely \$3 million by 1985 (Millward 1990:6). In response, Seattle passed its first housing levy in 1986 and has since continued lobbying the State for an expanded role in housing policy. Yet, in the absence of robust federal support, local

governments have struggled to implement effective solutions to the deepening housing crisis and homelessness.

Seattle's housing funding policies, directed by the Office of Housing, were consolidated into a comprehensive framework in 2014, integrating four programs: the Rental Housing Program, Operating, Maintenance, and Services Program (OMS), the Homeownership Program, Home Repair and HomeWise Weatherization Programs. This framework coordinates Federal and local funding sources to support affordable housing. In addition to federal funding from the HOME Investment Partnerships Program (HOME) and the Community Development Grant Program (CDBG), the Housing Levy and the payroll expense tax (JumpStart) serve as critical local revenue streams.

The Seattle Housing Levy, displayed in Figure 5, has been a key source of local funding for affordable housing since 1986. Renewed by voter approval every 7-9 years, it consistently passes with over 60% of the vote. The most recent levy, which raised a record of \$970 million, received 69% of the vote, while its predecessor in 2016, which raised \$290m, similarly received 68% approval. As Figure 5 illustrates, a total of six housing levies have been implemented since the 1980s, as well as a 1981 housing bond, an earlier effort to direct local revenue toward senior housing. Although the levy is essentially a property tax based on assessed property value, the City's Housing Levy Overview page and Fact Sheet avoid using the words "property" or "tax."

Seattle Housing Bond (1981) and Six Housing Levies (1986-2023)

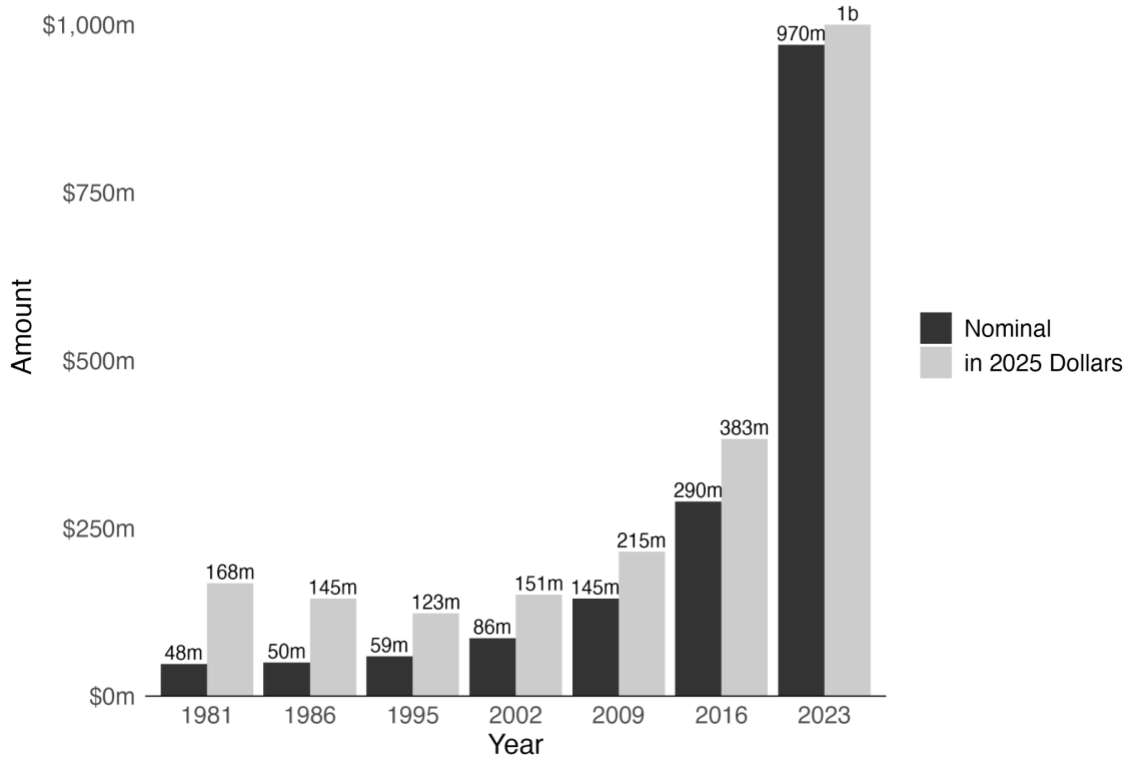


Figure 5. Seattle Housing Bond (1981) and Six Housing Levies (1986-2023).

“Not progressive but it could be worse”: The Levy Approach

In the legal context of the state’s regressive tax system, the city could levy for property tax increases by going to voters. As a City Council Central Staff member explained, “The limited sources of potential revenue that might be considered more progressive than regressive,” led to the popularity of levies—property tax increases renewed through voter approval every 7-9 years to fund specific programs and investments. With decades of experience in housing policy and budget analysis, she elaborated that “a property tax could certainly be seen as a regressive form of taxation. But given the limits that we have in terms of other options, it’s the one we use, and it’s one that we are allowed under State law.”

As another senior bureaucrat noted, these levies were “not progressive, but it could be worse,” given the state-level limitations. “People consume housing services—to use [an] economic term—in at least proportion to their income. . .It’s not like we are taxing water—which we do too, in the city.” And so, its relative progressivity—compared to taxing water, for example—and consistent popularity among the voters made the housing levy an available, if not progressive revenue source to fund the preservation and development of affordable housing in Seattle.

The levy was championed by both labor and business organizations. A staffer focusing on housing policy analysis remarked on the definite support that the housing levy has received from the business community:

I don’t think there’s been a levy that I’ve worked on where they have come out in opposition to it. They understand the importance of creating affordable housing. They have workers that need to find a place to live and work in the city, so they have generally been supportive, and have helped to be a part of those who have helped move those levies forward in terms of supporting campaigns for those levies.

As the workforce relied on finding housing in the city, their employers have been supportive of raising money to increase available housing—and do it by taxing homeowners. “In policy conversations,” businesses have “been willing to come in and to speak to the Executive and to the Council about their support of those particular proposals. So, they’ve been very involved,” the analyst added. Thus, unlike new business taxes, the housing levy did not become a site of political controversy or infighting. On the contrary, it received active support from the business community.

Alongside popularity, another factor that made the levy attractive as a policy tool was its administrative practicality in terms of both collection and enforcement. Levies were “incredibly easy to implement.” A senior bureaucrat, with a PhD in Economics and experience in the revenue forecasting business, remarked that the levy was “the easiest to forecast” in Seattle:

In some states, as assessed [property] values change, the amount of revenue you collect [from property taxes] changes, because the jurisdiction sets the tax rate, and then property values vary, and you multiply [that] by the rate, and you generate the revenue. That's not how it's done here. It's the opposite. We tell the assessor how much money we want. He knows what our total assessed value of the city is. He does the division. He is—it's a guy now—and you get a tax rate. And most people are paying—a lot of people are paying through their mortgages, right? So, they don't even get the bill directly. And that mechanism is all set up. So, we're essentially just changing the tax rate.

The way King County, the assessor, collected property taxes made it excessively easy for Seattle to both implement housing levies and forecast. That the system is already set up allowed administrators to renew levies with relative ease. Since a lot of people contribute through their mortgages and “don't even get the bill directly,” it wasn't too visible.

Still, the levy was not invulnerable to the regressive tax system it emerged out of. The housing policy expert highlighted that the regressive tax structure impacted their policy work. The property tax had a direct impact on the affordability of housing, even as the levy itself sought to support and fund the preservation and development of housing. She stated:

You cannot talk about impact of increasing property taxes (...) without also drawing attention to the Councilmembers that that will have impacts in terms of the cost of housing both for homeowners who will pay a higher property tax because of those levies, but also renters who have that taxed passed through to them to the extent that landlords can do so—and the market will allow them to—that they will increase the rents, and that has impact in terms of housing affordability. We, as the policy staff, have to bring that to the attention of the council members, so that they understand this action that you are taking has a direct impact on [the] affordability of housing for a certain subset of, and impacting probably more those in the moderate to low income bracket, than those at middle or higher income, who can tolerate property tax increases way better than those at other income levels.

This excerpt raises important concerns about equity and disproportionate impact, and even the risk of exacerbating the very issues—such as affordability—that the housing levy aimed to address. Nevertheless, under State law, property tax increases were one of the few tools available to the

city. The levy represented a tangible response to a growing need. Less controversial than imposing a tax on businesses, it also had the votes.

Earmarking “For the Obvious Thing to Address”

JumpStart followed from a line of tax proposals developed and circulated following Seattle’s declaration of a state of emergency for homelessness. As a grassroots housing activist recalled, its success followed the failure of the EHT from a few years back: “when the Seattle City Council, looking at the state of emergency [on homelessness] that Mayor Ed Murray had declared. . . They were looking for ways to raise revenue, to pay for the obvious things to address.” Out of all the negative externalities associated with the tech boom, the city and the county executives had declared homelessness a “civil emergency.” And so, it was the declaration that unquestionably put the issue on the table and led the city to try something different. The city would find a way to tap into the wealth associated with the high-income earners of the knowledge industry, in spite of the ban on income taxes.

Eli Taylor Goss, the executive director of the Washington State Budget and Policy Center, a research and policy organization focusing on progressive tax policy and budget analysis, explained that in Seattle, you did not have to look at a data visualization chart to see inequality with your own eyes, which posed “a visual rebuff” to anti-tax arguments. Eli stated, “In other tax fights, you can’t often see the dichotomy and the contradiction so clearly. But in Seattle, you can just see it so clearly.” Thus, the tangible sense of inequality helped the tax fight—which may otherwise be cast as a technical issue—to resonate with local communities who lived to see their city changing so rapidly.

As a labor leader in the JumpStart coalition stated, “We have an enormous lack of affordable housing in our region, and that lack of housing is the primary driver for homelessness. So, despite the fact that lots of people say it's addiction, it's not. That's not true.... I think that that was like the main driver was like, how are we going to fund more affordable housing?” As the affordable housing crisis was felt by a larger proportion of Seattle residents, it coupled further with the homelessness emergency. To fund affordable housing, state and non-state actors formed coalitions and pursued progressive tax reform. Affordable housing was a local revenue problem, and housing developers, service providers, and various homelessness organizations were key players in this politics of redistribution.

How JumpStart Redistributes

Beginning in 2022, JumpStart revenue has been earmarked into four major categories. Firstly, 62% (or about \$135 million annually) has been dedicated to housing and services. Of that, 82% has been allocated to build affordable housing, making JumpStart the single largest source of funding for affordable housing development in Seattle. The remainder of the funds for housing and services has been dedicated to support affordable homeownership opportunities and service providers, which has since then been documented to help address turnover rates and understaffing by raising the wage floor for care workers.

Secondly, 15% of the total revenue has been allocated to economic revitalization programs to support local businesses for economic recovery and stability for the city's workforce, including investments in worker training and retraining programs. Thirdly, tax revenue has been earmarked for equitable development initiatives (9%), funding community-driven development initiatives to fight displacement and share local prosperity. Green new deal investments constitute

the fourth and final spending category, to support community-led climate resistance initiatives and ensure a just transition away from fossil fuels in building, transformations, and other investments for a low carbon economy.

Independent but Interconnected: JumpStart Payroll Tax and the Housing Levy

JumpStart—referred to as the payroll expense tax (PET)—and the housing levy constituted two of the most critical local revenue sources for affordable housing policy. But beyond the overlap between their policy domains, PET and the housing levy also had a direct connection in policy work and stakeholder engagement. A city staffer, serving on the Housing Levy Oversight Committee, emphasized a direct connection between these policies, particularly in funding estimates for affordable housing production and services. She explained that when modeling the most recent Housing Levy (2023), officials incorporated JumpStart revenue projections to assess how the payroll tax could supplement levy-funded programs, underscoring their interdependence in shaping Seattle’s affordable housing strategy.

There is definitely a connection between the housing levy and the JumpStart Tax,” the staffer noted. “In fact, when we did the last housing levy (...) we actually did modeling that said ‘Okay, here’s what the Housing Levy will fund. And here’s where the JumpStart payroll tax will come and work with the Housing Levy.’” The staffer thus emphasized “a direct connection between the housing levy and the JumpStart payroll tax, because of the significance of that tax.” Thus, the two policies complemented each other as far as estimating the production of units and the provision of services.

In addition to being interconnected through policy work, their politics also interacted. “As you might imagine,” the city staffer explained, “stakeholders who were supportive of the

levy [were] also supportive of the payroll tax, and why it came into being very similar groups in many respects that were crossover and supportive of those independent but interconnected policy proposals.”

Similarly, a labor leader on the JumpStart coalition remarked on how tax coalition members knew each other from having worked together on the affordable housing levy before: “All of those people I knew before those weekly phone calls [for JumpStart]. And maybe not all of us at once on a campaign together. But we all worked together on, you know, whether it is the affordable housing levy or the transportation levy that is coming up, or bills in Olympia, or minimum wage campaigns in Renton. We have worked with the Housing Development Consortium, the Transit Riders Union. All of those organizations were a part of the coalition.” Thus, the process of effecting redistribution through a patchwork of time-sensitive levies and other campaigns brought together local organizations at different times, deepening their relationships in the process of working with the state to address economic inequality and affordability concerns.

In explaining their support for the JumpStart tax, a labor leader from the umbrella organization of all unions and their members, emphasized that they were interested in a solution that could “create real money” in a very dire situation:

If you were to try and fix it today with all the people who are homeless on the streets, it’s an insane amount of money. It’s more money than our city could invest at any time. People would have to triple their property taxes [laughs]. And so, we all knew the city doesn’t have the money to collect the kinds of resources that it will cost to solve this problem. It’s just not even within reach (...) We just knew that the problem was really bad, and nobody was doing enough about it. You know, the affordable housing levy was a couple of years off. And even though we were all ready to support that, I think we just were really eager to find some sort of solution that could create real money.

The excerpt above reveals how the homelessness crisis— and the massive amount of resources it demands— has shaped the local politics of redistribution. That the housing levy was a few years

off led members of that coalition—like the labor leadership—to organize towards local tax on big businesses to generate “real money,” tapping into the economic activities of high-income earners in the knowledge industries.

Taxing the Rich, Incidentally: A “Spending First” Policy Agenda

Leading up to JumpStart, civil society actors were pressuring the local government to step up redistribution. Additional local revenue was necessary to sustain City services and public programs. In other words, “taxing the rich” was less about moralizing corporate greed, and more about building the local state in the most progressive way possible. As one labor leader expressed during our interview:

There was never a debate as to whether or not we needed more revenue. That was always very apparent. There are many more things that we can and should be funding. So, it was always about, how do we find more revenue? And how do we make sure that doesn't happen on the backs of those who are struggling the most in our communities?

A senior bureaucrat, who had extensive experience supporting the City on budgetary issues in a variety of roles, remarked on the bind that the local government was in. Highlighting the structural challenges from a budgetary perspective, he observed, “The challenging situation that we are in with respect to revenue in general, is that we now need new revenues in order to pay for existing services.” Another city staffer, who had decades-long experience providing housing policy and budget support to the City Council, addressed why the local government was stepping up in this particular moment:

Going way back, the Federal Government used to be a bigger player in terms of providing resources for affordable housing. It's not that they haven't been a player. They have just not, to the same extent they had in the past. And with the current administration that looks like we are headed for another situation, in which they curtail their support of affordable housing at a time when we absolutely have nothing but more need for that. And that relates not only to the development of the actual housing units, but also, most

importantly, the services that go along with that housing. Mental health, drug addiction, operating and services dollars that help to operate these buildings for the lowest income people. So, at the Federal level, we're facing a challenging situation.

She emphasized how decreasing Federal resources at a time “when we absolutely have nothing but more need for that” put the City in a bind. This excerpt also speaks to how housing policy is a multi-layered issue area that not only requires that resources be allocated to housing development, but also many services that support people with low income.

When I asked about the State government, she remarked, “We've had a lot of support in the last, probably 4 or 5 years, in terms of the State putting more money into affordable housing development,” suggesting that the State was also doing its part in stepping up in pressing issue areas as the Federal government became a less active player in housing.

And yet, the State was also facing a budget shortfall at this time, leaving the City in a bind. The same staffer continued, “I'm concerned to see what [the State] might have to be doing in terms of that funding, because of the budget shortfalls that they're facing in the next few years. [T]hat's one of the things I need to do this afternoon. To see what they're doing in terms of the funding. With the Federal Government likely curtailing their investment, and at the same time the city has done so much of what we can do in terms of trying to generate revenues for affordable housing. We don't have a lot of options left.” These excerpts speak to the multi-level pressures that the local government was facing, and how that pressured them to step up strategies.

In the face of historic federal disinvestment, state-level uncertainties, and regional inequality—as well as the strains on urban governance induced by rapid growth—the city needed new ways to access local wealth to sustain investments in the public good. While the city attracted high-income earners, the lack of an income tax and the overreliance on sales taxes disproportionately burdened lower income residents and failed to capture the wealth concentrated

in the region. When federal and state governments failed to address local forms of inequality, like the affordable housing crisis, the city sought to establish local authority to meet the public's needs.

Building Political Support during Unsettled Times

For City staffers, grassroots activists, and labor leadership, who had key insights into the various un/successful policy change attempts in the city over the many years, building a tax coalition with “folks who were going to benefit from the resource” was a “no-brainer” politically—“you could be cynical about it or not.” There are multiple reasons why the local tax state would be built through earmarked spending strategies. Firstly, the emphasis on spending could help policymakers have more control over the public discourse around a complicated policy, critical to the passage of new taxes (Pearson 2014). Earmarking can reduce uncertainty, because it assigns specific shares of the revenue for specific purposes, articulating the distribution of public benefits (Boylan 1996).

By centering the discussion of taxation on public programs, the officials could have more say in how the public made sense of this significant change and communicate the purpose of the local tax state. Moreover, increasing spending on par with revenue would align the local tax state with spending commitments, and thereby signal fiscal responsibility to the public (Boylan 1996; Martin and Gabay 2013). A “top officer” for MLK Labor, the umbrella organization of all local unions and their members, reflected:

I think that—personally, this is just my opinion—that tax efforts that focus on the source and not the expense are not politically popular...People, taxpayers—the public—want to know what is being funded. And [the] government is *so* opaque to a lot of people. Even though it has this *huge* impact on our lives. Right? The government is the system and the structure that we operate in. It's everything! But people don't think that deeply about it on a regular basis, you know? We're busy, we're trying to raise kids and save money, and

buy a house [laughs]. People aren't giving a lot of thought to, "Oh, what's the most recent policy proposal?" I just think that's a mistake to think that talking about a tax from the perspective of who you're taxing is—I mean, I can see that it would galvanize certain people who would look at Amazon and be like, "Yeah, Amazon's evil." But that's only one subset of the population who recognize and are [pauses] frustrated with the impact Amazon has had on our city.

This perspective highlights how leading with where the money will go could help connect the public the tax to their everyday lives, without needing to think too deeply about the government or the details of a tax proposal. This labor leader endorsed tax efforts that emphasized spending, not taxation, which not only resonated less with the public but could also fuel political polarization.

Whereas the Amazon Tax perhaps spoke to only “one subset of people who are maybe more activist-y,” JumpStart reached a broader audience: “You know that we have a problem. You look around. You see lots of people living in tents. It's not okay. Nobody thinks it's okay. And here's an idea we have, to fix it. And here's why it's not been fixed already.” She believed “people just want to be told the truth, and they want [it] to be explained to you.” The undeniable fact and visibility of homelessness made it possible to frame reform as a practical response to a pressing issue, rather than as an ideological stance.

But in addition to communicating a purpose and signaling accountability to the public, earmarking strategies were key to mobilizing political support through the *process* of policy development. Organizations across many issue areas would collectively shape the local policy agenda. A city staffer remarked that in developing political support for taxation, Councilmember Mosqueda built a coalition based on the areas in which there was targeted spending. “So, low-income housing developers.” He continued:

Money was going to go to the Green New Deal, so environmentalists were interested. Part of it was going to go to equitable development, so communities, traditionally,

communities of color were interested, because that's where that money would have been directed. I'm using this as an example. But it generally applies. So, there's a set of folks...who think that expanding government into some set of areas, where the money would be spent, is advantageous. And who think that those would be targeted by the tax are in a position to pay.

And so, the process of policy development brought together many local organizations, spanning environmental, social, and racial justice issues. It also drew in organizers from the housing and political grassroots, who desired to expand government into new areas, either by principle or as particularly beneficial to them.

In addition to building a tax coalition by centering the spending plan, the allocation of funding for housing and homelessness programs in particular was key to gaining political support. A labor leader highlighted how homelessness as an issue resonated with a lot of people:

Growing demand and understanding, and just how much it's written about in *the Seattle Times* all the time. It is a thing a lot of people know, "Oh, West Coast cities have bad homelessness problems. Lots of people are homeless." Especially in the pandemic, more people were losing their housing. The primary driver between 2018 and 2020 is that there was this really clear need and demand that had been like a drumbeat, building year after year. And so, by 2020, in the midst of the pandemic, it was like "Oh, thank God! Here's an idea of something that we could do." The campaign then could become less about the tax and more about what the tax funded.

This labor leader stressed how the clear need and demand to do something about "it" had been building year after year—like a drumbeat. Earmarking strategies broadened the coalition by making this change less about taxation and more about its purpose. Her matter-of-factness about the success of earmarking not only offered a window into the policy development process, but it also contained an implicit comparison with the approach of the "Tax Amazon" campaign.

Furthermore, equitable development was a major investment area for the payroll expense tax, expanding the city's efforts to close the racial wealth gap amid a heightened national reckoning with racial justice. The same labor leader described the decision to invest in equitable

development as “really helpful, because people—in the wake of the police murder of George Floyd—were looking for ways to...decrease the racial wealth gap and to try to improve conditions for Black and Brown people.” By offering up a clearly articulated plan with spending investments, tax reform could help folks feel that reform aligned with “many of the region’s values and what people want to see out of their government.” In extending Swidler’s (1986) framework for un/settled times, I argue that earmarking may have become a particularly influential strategy during the pandemic. In times of greater uncertainty, when established strategies of action feel less useful, a clearly defined spending plan can provide much-needed reassurance and direction, thereby increasing the salience of the plan for a broader audience.

Embeddedness in Civil Society

Elected officials’ embeddedness in civil society informed the policy processes. City officials, staffers, and civil society members assembled to develop a spending plan, and an attendant taxation plan, with an eye toward fiscal fairness. Samantha, former political and legislative organizer for UFCW recalled the policy making process:

There were a lot of conversations that happened, that were about bringing folks along. But also, we're talking about a really complicated [policy].... not just talking about why we need to do it but really, the visioning of like, this is what we're getting for it, right, like not just talking about, we're bringing in these dollars. But talking about what we're going to do with those dollars... We did try as much as possible to tie where that revenue was going with the revenue specifically. So, it didn't just end up.... in the general fund, which is important.

This quote highlights the care taken to both build an inclusive coalition that would “bring folks along,” and also the care taken to earmark the revenue to achieve a specific vision. Samantha highlighted how important it was to coalition members that revenue “did not just end up” in the general fund.

My interviews with labor organizers addressed why they supported JumpStart, illustrating that centering the reform discussions on spending contributed to their interest and participation in tax reform. Organizers stressed that the affordability crisis called for a policy change, which would be addressed by JumpStart's spending plan. When I asked Samantha what brought her to tax reform, she shared that she had not been involved in tax-specific work until these recent reform efforts. Their union, representing large numbers of grocery workers, was focused on affordability: "I hadn't yet been involved super closely in a policy, and like decision making space on [progressive tax reform]... the policy work I had been doing thus far, for our union was really more about affordability in general, and not necessarily the like revenue and tax levers as a way to get at that." Thus, the bridging of affordability and tax reform through earmarking brought her to "tax-specific work."

Samantha later highlighted the significance of the spending plan for building the local tax state, especially with the goal of expanding City services into new areas: "It is really helpful when you're talking about doing something big and, you know, new to this area, at least new to Seattle, to talk about what you're getting with it, versus just the fact that we're going to get it." Samantha highlighted that there was nothing surprising about the need for revenue. The important conversation that needed to happen was on where it would be spent.

Another labor leader highlighted that JumpStart resonated with their membership base, which constituted a significant segment of the local workforce across different industries. Importantly, this leader highlighted that the issue of affordability in Seattle was a separate issue from income inequality. Even union workers with high paying jobs suffered from the affordability crisis. Unless this issue was directly targeted, the government would not be able to prevent displacement. They continued:

I don't know if "fears" is the right word, but I'll use it anyway. One of the fears of unions, especially like the building trades, the longshoreman Teamsters, is the fact that we do not want Seattle becoming a San Francisco, where that maritime and industrial base goes away, because they create a lot of good, not only union jobs but high paying medium class jobs, right? You're talking about jobs that make anywhere from \$80,000 to \$120,000 a year, that usually come with full healthcare benefits, retirement, things like that. But the problem being that even though, when you're making that amount of money and you're working in Seattle, you still can't afford to live in Seattle, right? It's, it's tough. I mean the rents. The rents are high, but you know, buying a house in Seattle. [laughs out loud] Or a house that you can raise a family in, right? Even if you're making \$120,000 a year, is actually tough.

The quote above spoke to the way Seattle's housing market introduced challenges for union members, including those with high-paying jobs and benefits. Without access to housing markets, this organizer worried that the city would lose its maritime and industrial base, much like what happened in San Francisco, where the labor base had already eroded. These quotes speak to the importance of funding commitments to affordability as a particularly important element for labor's support for taxation in the knowledge economy.

The case of Seattle illustrates that strategies of earmarking were equally central to the coalition building processes underpinning tax reform. By apportioning funds for specific areas of interest to the members of the tax coalition, the spending plan also coalesced various urban constituents through the processes of local state building. Earmarking strategies helped cohere the tax coalition, gave policy makers additional control over public meanings, and reduced uncertainty. In all, these factors contributed to the development and implementation of JumpStart, following years of unsuccessful tax reform attempts in Seattle.

Altogether, these perspectives from labor also illustrate how earmarking contributes to "frame bridging" (Benford and Snow 2000), bringing together ideologically congruent but structurally unconnected frames together. As a strategic process, frame bridging through

earmarking linked labor organizations' interest in affordability to business tax reform, and thereby to subnational state formation.

Yet, some participants believed tax fights called for efforts to shape the public narrative around taxes in a deeper sense, that is, beyond messaging strategies centering on specific social issues or affordability in a general sense. Political figures did not necessarily debate *whether* affordability was a real social issue. They had a different story to tell about it. “The problem *universally* is that it’s unaffordable to live,” said a participant, who had experience in both organizing and think tank spaces. Both “the conservative and corporate right,” and “the left and advocates” politicized the issue, but through different narratives. The first said “it’s unaffordable because the Government is taxing you too much and wasting their money,” while the second yet “need[ed] to offer a strong and compelling and well-funded message, saying things are unaffordable because the corporations and the uber wealthy aren't paying their fair share, and we need to, you know, fix our tax code.” The participant admitted “it's not a very sexy message.”

While people took interest in social issues like housing, reproductive rights, immigration, and the environment, “taxes aren’t always the sexiest thing to talk about publicly.” Even though taxes reflected political decisions around investments in the public good, the material redistribution of resources and opportunities, and funding sources for areas that people cared about, taxation remained a relatively abstract or technical issue, if not elite. JumpStart’s embeddedness in civil society supported tax advocates to build a sense of togetherness in a shared space. One participant described it as “truly rooted in relationships between organizations and shared values, in a sense of place.” Local organizing gave people “[a] tangible sense of accountability to who they are fighting for, because you live there.” This sense of togetherness,

often difficult to cultivate or theoretical when fighting for all Washingtonians or at the Federal level, uniquely positions local redistribution within the broader field of budgetary reform.

Conclusion

Political shifts and realignments at broader scales have created new pressures on local governments to step up, reaching into areas historically delegated to state and federal authorities, if they ever existed as coherent policy domains. This chapter illustrated how affordable housing was reconfigured as a local revenue problem, tracing how Seattle adapted to broader political economic shifts through neo-municipal strategies aimed at preserving and expanding affordable housing. By analyzing the Seattle Housing Levy and the payroll expense tax as distinct yet interconnected responses to fiscal constraints, I showed how local actors reframed redistribution as a budgeting imperative that required new revenue tools. The chapter also highlighted the strategic role of earmarking in bridging structurally separate policy domains and coalition partners.

By tracing the actors, strategies, and institutional shifts that constituted a transformative change in Seattle's fiscal governance, this analysis explained the passage of a historic business tax in 2020, aiming to support affordable housing and homeownership, sustainable development, and "the green new deal"—goals that may have been deemed beyond a city's authority and responsibility in times past. The next chapter turns to the visionaries behind these progressive agendas, examining how grassroots mobilization and institutional leadership interacted in shaping new political possibilities.

Chapter 5. A Tale of Two Tax Coalitions: Visions and Visionaries of Redistribution

Introduction

When JumpStart got passed by the City Council, it was not the only tax plan in town. A competing initiative, popularly known as the Amazon tax, offered an alternative plan for how Seattle should redistribute. In a state with constitutional restrictions on progressive taxation, both proposals marked a bold effort by local actors to assert municipal authority. Legally, engaging in economic activities and employing workers within city limits was a taxable privilege, authorizing the city to impose a payroll tax on big corporations. Both JumpStart Seattle and the Amazon tax targeted the largest “local” businesses, using payroll expenses for employees working in Seattle as the basis for taxation. While JumpStart ultimately became law, it did so in a political landscape shaped by grassroots pressure from the Tax Amazon movement.

This chapter analyzes these synchronous efforts, highlighting how they interacted to transform the realm of political possibility. Both visions for redistribution were led by progressive women of color on the Seattle City Council. Yet, these leaders mobilized tax coalitions with distinct strategic, ideological, and relational organizing logics. JumpStart was ultimately enacted, but the final iteration of that policy reflected the demands and compromises that emerged from its interaction with the Tax Amazon movement. By analyzing these emergence, evolution and eventual policy influence of these two coalitions, this chapter highlights how grassroots movements, leadership styles, and political credibility shape the possibilities for tax reform. Drawing on organizers’ accounts, I conclude by exploring the notion of a relational politics of redistribution—one in which local organizing is uniquely positioned to cultivate a shared sense of space and accountability within imagined communities.

From the EHT (2018) to Tax Amazon (2020)

In January 2020, a coalition of grassroots activists, led by political organizers who were affiliated with the Socialist Alternative Party in Seattle launched their campaign to “Tax Amazon.” This movement came out of the political momentum that had been building since the repeal of the EHT in 2018. As TRU’s General Secretary observed, “The fight for a tax on big business never really stopped following the defeat of the head tax in 2018. So, there is [sic] continually voices, including ours, but also very notably former Councilmember Kshama Sawant. And you know, just continuing to say, ‘we need to tax big business.’ And so, by the beginning of 2020, there was a coalition forming that included TRU, Democratic Socialists of America, Socialist Alternative, 350 [Grassroots Climate Justice Organization].” While the EHT had ultimately failed, grassroots organizations sustained their efforts and kept the issue on the table.

The coalition held a series of action conferences to discuss strategies for taxing businesses, the programs that it should fund, and how (B 2020; Swan 2020). The conference series for the movement culminated in the Amazon Tax proposal, initially a ballot initiative which later pivoted to the City Council due to pandemic restrictions on gathering signatures. The Socialist Alternative party (SA) was the most visible advocate of the Tax Amazon Movement. Councilmember Kshama Sawant, an economics PhD and the only socialist member of the legislative branch, was the face of the tax campaign and its most vociferous champion. Sawant regularly cited heterodox economists to substantiate her policy agenda.

City Council’s hearings for the Amazon tax began in late April. Thus, Tax Amazon was brought to legislative discussion before JumpStart’s official introduction. However, due to Governor Inslee’s State-wide Covid proclamations that limited City Council discussions to

urgent matters, committee meetings for the Amazon Tax legislation did not continue. When the state-mandated restrictions were relaxed, the City Council would deliberate on the two proposals together, bringing their technical details and spending plan side by side in comparison tables.

A grassroots organizer highlighted how the Covid-19 pandemic impacted the Tax Amazon movement's ability to do in-person signature gathering. In the context of social distancing, the campaign then diversified their action strategies, both collecting signatures electronically and pursuing a Council strategy. "The pandemic really threw a wrench into the ballot initiative strategy," the organizer remarked, "But at the same time it opened up the possibility of a Council strategy in a way that I think would have been very hard without the pandemic." And so, the Tax Amazon campaign pivoted from ballots to the City Council.

In April 2020, Councilmembers Kshama Sawant and Tammy Morales officially introduced the Amazon Tax legislation in the City Council. The proposal sought to tax the city's largest business to "provide emergency COVID-19 relief and build social housing, fund the Green New Deal with a massive jobs program" (Sawant 2020). While the legislation would allocate 75% of the funding to build affordable housing, the remaining 25% would be dedicated to advance the city's Green New Deal agenda to ensure "a just transition" through programs to divest from fossil fuels and create jobs to support a green economy. They also called for emergency cash assistance to low-income households to mitigate the effects of the COVID-19 pandemic.

They proposed a flat 1.3% payroll tax on Seattle companies with payroll greater than \$7 million to raise \$500 million a year. The Amazon Tax was bigger than JumpStart, but it was also less progressive as far as lacking graduated tax rates that could leverage differences between businesses. While pegging tax liability to payroll was technically progressive, it became an easy

point of attack for businesses, who argued that the flat rates made the tax regressive. The legislation exempted all nonprofits and grocery stores from the tax, in addition to exempting government entities and insurance companies, preempted from taxation by law.

The Amazon Tax: Radical Flank Effect and Shifting “the Overton Window”

Several grassroots organizers for the Amazon Tax I interviewed, viewed JumpStart’s passage as a victory. They credited Kshama Sawant and the movement she created for progressive tax reform in Seattle. These organizers believed that their mobilization for the Amazon Tax “shifted the Overton Window,” which made JumpStart possible. When I asked Laura what she thought was the most important thing in getting JumpStart passed, she replied, “I always say that, you know, JumpStart wouldn’t have looked centrist if you hadn’t had Tax Amazon holding open the Overton window and looking like the Radicals, and asking for like so much and so the compromise position didn’t look-- It looked like a compromise position when it was still radical.” Thus, the grassroots mobilization for a radical alternative contributed to the larger efforts to create additional revenue, making JumpStart seem like a moderate policy in comparison.

Suresh, another grassroots organizer I interviewed, came from a different background than Laura but felt similarly about the influence of the grassroots movement on JumpStart. As a wealthy tech worker, Suresh advocated for affordable housing and organized with other tech workers for tax reform. At the time of the interview, Suresh was collecting signatures for a new city-level tax ballot initiative for social housing. Like Laura, he too described how “Kshama Sawant shifted the Overton window.” When I asked Suresh about the key actors involved in the passage of JumpStart, he said “it was two, specifically,” referring to Kshama Sawant, who

shifted the Overton window and was not afraid of being vilified, and Teresa Mosqueda, who had heavy backing from unions and “crafted a great coalition...to get it done”. Even though Suresh advocated for the Amazon Tax, he did not have any substantial criticism or concern about JumpStart. He said that the only thing he would have changed about JumpStart was its name: “The affordable housing payroll tax, or something like that,” as he was concerned about the revenue being rechanneled into the general fund. For these organizers, support for one policy proposal over another was not primarily driven by the substance of the policies themselves. Instead, it was shaped by pre-existing social ties and differences in leadership styles, which influenced how the two coalitions took form.

Recounting the months leading up to JumpStart’s passage, Katie, TRU’s General Secretary, reflected on a stretch of time when efforts for both the Amazon Tax and JumpStart were unfolding in parallel. She described this overlapping period as one marked by “meetings with her [CM Mosqueda’s] office, designing the tax, and also a plan for what would be proposed to spend it on. And at the same time that outside kind of Tax Amazon effort was continuing...there was a weird dynamic there where, I don't think that people in City Hall really knew for the most part or took seriously the [Tax Amazon] initiative.” While these efforts co-existed, it was JumpStart that carried greater institutional legitimacy through its champions.

Katie highlighted the role of the progressive majority on the City Council and Mosqueda’s political positioning in explaining why Seattle enacted JumpStart when it did. In her view, it was not simply the content of the proposal that mattered, but the credibility of its sponsor and the receptivity of institutional allies. “I think Miss Teresa Mosqueda is just a very skillful politician, who is well placed on the Council to be the person leading the charge. I don't think that if [CM] Kshama [Sawant] had come forward with this proposal, I don't think the majority of

her colleagues would have fallen into line in the same way.” While she acknowledged that the external pressure from the Tax Amazon campaign was helpful, Mosqueda’s political credibility and leadership style proved pivotal to making this change. This underscores a recurring theme: that political outcomes were shaped less by ideological differences between the proposals, and more by the relational credibility of their advocates and leadership styles. Interviews with the leadership at traditional labor unions further corroborated this finding.

While the mobilizers for the Amazon Tax included rank and file members at traditional labor unions (Laborers Local 242, International Brotherhood of Electrical Workers Local 46, Ironworkers Local 86), the proposal itself was not officially endorsed by most labor unions in Seattle. When I interviewed individuals who held leadership roles in the city’s largest unions, such as Teamsters and UFCW, as well as Martin Luther King, Jr. County Labor Council (MLK Labor hereafter)—the county’s central body of labor organizations affiliated with the National AFL-CIO—I quickly learned that none of their organizations had an official position on this legislation. In fact, during the interviews, I often had to remind these participants that the council deliberated on the Amazon Tax alongside JumpStart. The interviews suggested that their unions did not seriously consider the Amazon Tax proposal at an organizational level.

About the Amazon Tax, Samantha, the former political and legislative organizer for UFCW, said, “I don't think we ever took an official position, as an organization.” Since then, Samantha had transitioned to becoming the political director for a Teamsters local chapter. She continued, “it would be lovely to have had that additional revenue...have had it come from the, you know, world's largest corporation. That is right in our backyard... We also live in a system of political realities where that one unfortunately did not have the votes.” While additional revenue made sense, “in a vacuum,” Samantha didn’t find the Amazon Tax politically realistic.

Michael, the staff director for another Teamsters chapter, explained, “The Amazon tax was a tax that was brought forward, really, by Sawant. That was one of her things. There was not a lot of unions in favor of that tax.... I don't think it had much legs to be quite honest with you. I think the JumpStart tax, really, was the tax that people were focused on.” Michael continued, “I just know that the JumpStart tax came across my desk. I was asked to analyze and look at it, give my recommendations to my organization, which I did, and that's how we moved forward.” For these labor leaders, JumpStart seemed like the only politically realistic option. Thus, their unions focused attention and mobilization efforts on JumpStart, and did not seriously consider the Amazon Tax as an alternative.

Neither the proposal nor its main advocate Kshama Sawant were viewed as capable of receiving support from a lot of unions. Recounting how JumpStart was passed, Samantha explained, “You know, cause it's not just about getting the policy right. You have to also have the people who are willing to advocate for that policy and convince, you know, 5 council members and a mayor to sign it.” Thus, anticipated political support from interest groups, executive and legislative branches shaped whether labor unions would at all engage with the policy from the outset.

Building an Inclusionary Coalition for the JumpStart Tax

The existence of a radical alternative alone did not explain how Councilmember Mosqueda mobilized support for the JumpStart proposal. The diversity of sympathetic organizations, highlighted from the campaign's outset, also shaped the taxing and spending bills for JumpStart. An interviewee from the leadership of MLK Labor recounted how Teresa Mosqueda built and led an inclusionary coalition for JumpStart: “The fact that she assembled a

coalition to review the proposal and decide what the policy would be, made a substantial difference. She did a tremendous amount of work on it. Like she did a lot of one-on-one meetings with different organizations and leaders who weren't even a part of those weekly [meetings]. You know, coalition strategy calls to decide how the money would be spent.” This quote speaks to the way the inclusionary coalition both shaped the policy and also provided the support for its passage.

The role that interest groups played was not only to defend their own interests, but also to defend JumpStart from false threats. For example, Councilmember Mosqueda leveraged her proposal's high embeddedness in civil society (Bradlow 2022), in the form of extensive stakeholder input, navigating pushback. Notably, Mosqueda could justify the inclusion of nonprofits and health care organizations into JumpStart's tax base, a feature that other proposals had failed to achieve due to political pushback.

Endorsements for Mosqueda's JumpStart mainly came from three sectors: Labor Organizations, Housing and Homelessness Organizations (including both service providers and housing developers), and immigrant & refugee organizations, most of whom had preexisting ties with the councilmember. Samantha Grad, the Political Director for Teamsters, reflected, “It wasn't just a traditional labor coalition. It was labor. It was housing. It was, you know, other social services... There was business at the table as well, who supported it. [Teresa Mosqueda] did a really good job of building out that coalition.” While housing and homelessness advocacy organizations endorsed the initiative from the outset, the inclusion of other groups, especially some labor unions and businesses, was rather fraught.

Eli Taylor Goss, then-Policy director of OneAmerica, an Immigrant and Refugee Rights Organization in the JumpStart coalition, emphasized that Mosqueda was an effective leader, skilled at engaging with different groups of people:

She is deeply progressive and very pragmatic. She understands that you have to make the legislation appetizing to moderates... for the people that are more on the fence that could get swayed either way, she understands that you have to kind of bring them in with what it's a yes for... people want to know what they get to be part of, and like what they get to be a Yes for.

Mosqueda was skilled at broadening the tax coalition by engaging with folks on what they got to be “a Yes for.” Eli described Mosqueda as “a really good messenger” both externally—with the media, local organizations and the broader public—and internally, “in the City Council—with other council members—to help them understand that this is kind of an overdue update to our tax code.” Skilled at relationship building and messaging, Mosqueda could cultivate a coalition based on people’s sense of shared values in a shared space.”

Further, Eli highlighted the involvement of organizers, “not just researchers or think tanks” in the tax reform process. Since JumpStart, Eli has become the executive director of the Washington State Budget and Policy Center, focusing on progressive tax policy and budget analysis mostly at the state level but some city and federal work as well. Drawing on their experiences with campaigns at different levels of government, Eli highlighted that the role of local organizers was central to JumpStart, because they knew “how to run coalitions... what it takes to keep a diverse group of people aligned around a shared goal, especially when things change week to week, sometimes day.” Thus, having a strong champion, a coalition with deep roots in organizing, and trust “helped move through all of the tension and conflict that is inevitable in politics.”

Eli added that these characteristics of the coalition distinguished it from most tax and budget reform places, where “Things are often led by men, both at the city, county and State, and of course, Federally in Congress. Thus, Eli believed female leadership was key to both the inside and outside strategies.

These excerpts highlight not only the significance of community organizers in the tax reform space, but also how organic connections to the people whose lives would be impacted by redistribution make local reform stand apart from tax advocacy at higher levels of government. The cross-sector coalition itself was held together by the spending plan, shaped by (and resonated with) organizers’ interests. The process through which the policy was created reinforced a shared vision of the areas the local government needed to address. Members praised the councilmember for her ability to build diverse coalitions, and her inclusion of people from different sectors and organizations.

Samantha recounted her participation in the JumpStart meetings: “I do not think we would have had as progressive or aggressive of a policy as we did, and the ability to fund as much as we have been able to fund, were it not for then-Seattle City Council member Teresa Mosqueda’s leadership on that. She really did put together a robust coalition. And that is, I would say, having worked with her for many years now, one of her absolute strengths is that she is really good at pulling up a seat at the table for a lot of different groups.”

Similarly, the interviewee from MLK Labor reflected on Mosqueda’s coalition building skills to explain the success of the tax campaign: “Well, the leader of it was Teresa...I think that honestly, it's partially just the way she leads and who she is that made the success possible because...she's generally just well-liked by a lot of different people. She can hold relationships with people of many different values and so she's got like a pretty broad base of support and

supporters. And so that was like a really important ingredient.” Thus, coalition members implicitly (and sometimes explicitly) compared Mosqueda’s ability to “hold relationships with people of many different values,” with Councilmember Sawant’s approach, which did not mind antagonizing businesses, as reflected in the plan to Tax Amazon.

The inclusionary coalition helped depoliticize tax reform, as the variety of organizations supporting JumpStart even included groups which were not publicly viewed as politically motivated. For example, the inclusion of non-profits, limited in their political lobbying and advocacy by law, helped make local tax reform look common-sensical. This stood in clear contrast to the Tax Amazon movement, which explicitly advocated for a politically grounded, socialist agenda.

Laura, the grassroots organizer introduced above, talked about the role that nonprofits played in making tax reform feel commonsensical. While housing and homelessness organizations would fiscally benefit from the tax, they were limited in their ability to explicitly lobby for policy change. Laura recalled an email she received from the Coalition on Homelessness, which “doesn't always weigh in on things. And the subject of the email is ‘override the veto JumpStart Seattle’.... I think Coalition on Homelessness is a-- is a I believe, a C3 Nonprofit, so they have to be very careful, you know. I think a lot of organizations have to be very careful when they're a C3 nonprofit, they can only do 20% of the effort for lobbying.”

Laura further explained how messaging by nonprofits, who generally remain nonpartisan, helped broaden support for JumpStart from other organizations. “When you have an organization like Coalition on Homelessness that is choosing to spend their 20% of their time... when you see someone like [the executive director of the Coalition on Homelessness sending out an email [with subject line] ‘Override the Veto JumpStart Seattle,’ that sends a message to a lot of other

nonprofits... it's jumped over into like something people are willing to put in their...into that kind of like very rare bucket.” When non-profits, not usually weighing in on political decisions, choose to advocate for business tax reform, it facilitated the support to spread among peer organizations.

Support from non-profits not only broadened the support from peer organizations, but it also helped demobilize opposition. When nonprofits expressed support, this helped delegitimize and challenge the anti-tax messaging by business organizations, who had vested interests in the status quo. “I think that that also sends a message to the Chamber of Commerce that they're kind of on the wrong side of history, and that this isn't actually a radical issue,” Laura stated.

Another interviewee, who served as a community policy specialist for a homelessness service provider at the time, shared that JumpStart was a “no-brainer” for their organization. While Solid Ground was not closely involved in the development stage of the proposal, they inherently recognized the deep need for revenue. Furthermore, the allocation of funds to affordable housing was particularly enticing to them and for the work they do. Thus, the spending-plan-driven policy agenda made housing and homelessness organizations natural coalition partners and helped broaden public support for a novel tax. This type of support could be especially crucial for novel types of taxes. When the public lacks experiential knowledge of how a new policy would impact their lives, it could make residents more vulnerable to anti-tax campaigning (Pearson 2014).

Another labor leader similarly reflected on the value of having people from housing in the JumpStart coalition: “The housing folks that were at the table were also extremely helpful. You know, it is a big, big, scary policy area to try to solve the issue of housing affordability and homelessness. And everyone kind of sees a different thing in that problem and also sees different

solutions to that. But when it's such a massive problem like you just got to start digging in and getting somewhere. And the housing folks were there, and they showed up, and it was very helpful.” Thus, the diversity in the coalition broadened support, helped demobilize the opposition, and strengthened the solutions that the coalition would put forward.

“Teresa came from a job like mine”: JumpStart Has Labor’s Confidence

The largest labor unions in the region endorsed Mosqueda for her proposal JumpStart. These organizations represented local workers from a variety of industries spanning healthcare, construction, trade, groceries, trucking, warehousing, and delivery. My interviews illustrated labor organizers’ deep trust and confidence in Teresa Mosqueda—who came from a labor background like them. One labor organizer stated, “The thing is, Teresa came from a job like mine, right? Like she was--She did my job for the State Labor Council and also Children's Alliance. So, she has spent a lot of time also advocating for these kinds of policies as well on the outside as well as on the inside.” Another labor organizer shared that Mosqueda’s history in the labor movement impacted their union’s position on the JumpStart tax: “[JumpStart] seemed like a good tax, seemed like it was a fair tax, and at least our union and our analysis of it—and also trusting Teresa, to be honest, as she had been in the labor movement for a long time—we got on board with it and help pass it.” These quotes speak to how the councilmember’s background cultivated confidence from labor partners, who trusted that Mosqueda would advocate for labor-friendly policies as an elected official.

Furthermore, labor organizers viewed Councilmember Mosqueda as a policy expert who had an established history in the community. “She's been in the community for like 15 years at that point as a policy expert and a leader. So, she had this like reputation that she was

trustworthy,” said an MLK Labor executive. Together, these perspectives speak to the central role of long-lasting and trusting relationships in deepening policy support. Labor organizers trusted Mosqueda’s specific vision for local tax reform. Ultimately, deep trust contributed to labor’s support for a progressive business tax—complicated and politically fraught.

Private sector unions like the building trades had an ambivalent relationship with progressive tax reform initiatives. Building trades workers, encompassing iron workers and electrical workers, felt that their economic interests were closely intertwined with that of industries who employed them. Workers in the construction industry generally preferred pro-growth, business friendly policies, because their employment was contingent on continued economic growth. As the interviewee from the MLK Labor leadership described, “Construction work is temporary, right? Like they rely on new things being built, so I mean, I think that's why it was just in their immediate interest to not want to see development halted.” In 2018, the threat of capital flight—due to a potential increase of tax-induced labor expenses for businesses—had led to a strong opposition by these workers to the policy recommendation of the task force. The interviewee recounted the oppositional dynamics:

They build buildings. And when Amazon and other companies said that they were going to stop building buildings in Seattle and start constructing buildings elsewhere. That was scary for [those unions’] members. They'd all just survived the 2008 recession, which had an enormous negative impact on the construction industry.

This excerpt highlights how workers in the construction industry were particularly sensitive to threats of capital flight. With their employment being contingent on ceaseless construction, the threat of a slowdown and potential job loss shaped their position. Specifically, the visceral memory of the 2008 recession made these groups particularly wary of the potential effects of increasing business taxes.

A building trades leader reflected on how public versus private sector unions experienced economic growth differently:

Right now, the economy in Seattle is down. You don't see a lot of tower cranes up. You don't see a lot of new buildings going on. King County is low on income; Seattle is low on income. The State is low on income, but all of so and then, right now the construction industry is down by about 40% employment. But all the public sectors are still working in full employment. So, they have no direct understanding of the relationship of where their money actually comes from, and then how it's affected.

These tensions between labor sectors, shaped by divergent positions with respect to economic growth cycles, shaped their political interests and misgivings.

Leadership Styles: Collaboration versus Ideological Commitment

Whereas Teresa Mosqueda was widely viewed as a collaborative coalition builder who could maintain relationships with different kinds of people, some labor leaders described Kshama Sawant as an uncompromising, ideologically driven leader, who was unwilling to compromise. The following account from a building trades leader illustrates how these contrasting leadership styles influenced the formation of trust and coalition durability. Recalling the campaign for a \$15 minimum wage between 2011 and 2015, he explained that they had been “working hard” alongside the King County Labor Council and the Washington State Labor Council, only to see Kshama Sawant and the Socialist Alternative take “all the credit for thinking of the idea, and then the responsibility for getting it passed.” He continued, “Sharing credit encourages trust and trust is the only way that you can build a long-lasting coalition.”

For this leader and others, sensitivity to perceived cooptation of their ideas or erasure of their contributions to a political victory emerged as a key barrier to sustained collaboration. This concern highlights how much interpersonal and organizational practices matter to political legitimacy. While Mosqueda drew legitimacy from her long-standing embeddedness in the labor

movement and the broad coalition of organizations contributing to her proposal, Sawant's legitimacy was grounded in ideological clarity and the mobilization of committed grassroots organizers and rank-and-file union members who shared this vision.

Leveraging the Fault Lines in the Knowledge Economy

Unlike prior reform attempts that sought to impose a flat tax on businesses per employee, JumpStart targeted companies with high-income earners. Employees with yearly earnings under \$150,000 did not impact their employers' tax liability. Measuring business activity by payroll expense, not the number of employees ensured that industries employing low-wage workers, like grocery stores were not disproportionately harmed by the reform that was supposed to be progressive.

Labor organizer Samantha reflected on her experience working for a union with such a member base: "The companies that our members worked for employed a lot of people, right? [a lot of people] That worked a lot of hours, but they were not high wage earners, right? So, looking at taxing a grocery store company... for the same amount[sic] of employees compared to a tech company." Samantha referenced the tax recommended by the task force, which did not take into account people's earnings to calculate tax liability. She then explained how JumpStart's approach was different: "We are trying to focus on, where are the places where there is a lot of money, and a lot of revenue, and focusing in on those high earners instead of you know, saying flat rate, you should be paying for all of these jobs." Learning from past reform attempts, elected officials anticipated potential opposition by the labor-intensive industries and exempted all grocery businesses from the taxation plan.

JumpStart not only exempted small businesses and targeted high-wage employees, but also allotted funding to small business aid, equitable development, workforce stabilization programs and the construction of affordable housing, which highlighted JumpStart's potential benefits to labor groups whose fear of displacement and unemployment made them support pro-growth policies at the outset (Schragger 2016). In the absence of experiential knowledge and a collective sense about the impact of tax reform, JumpStart relied on a clear spending plan to communicate to constituents what the tax was about.

Endorsements from the business community for JumpStart were not widespread, but strategic. JumpStart's sponsors highlighted business input to justify decisions around the taxation plan. Endorsements by companies like Expedia Group at public-facing campaigns helped debunk the view that the industry constituted a unified front against taxation. A labor representative too highlighted the value of business support for the campaign:

Credit where it's due, having some businesses on the team, saying like, 'Yep, we need this,' and having those groups that are so, you know, the other side is often business, and in this case it was. So, having some businesses on our side who are saying, 'No, this is actually good for my business, because it means that more will build more housing, which means that we will have more people who can afford to live in our city, which means that they will be coming to my restaurant, and they will be patronizing my services,' and being able to see that, like fairly long ripple effect train and advocate for it, is hugely valuable.

Thus, when businesses argued that mitigating inequality and unaffordability could be good for business too, they presented an alternative view of taxation that went beyond the defense.

Some business groups had previously justified their opposition to city-level taxes by arguing that homelessness required regional solutions. Still, the coalition for JumpStart included a high-level business representative, who worked with the regional initiative that had opposed prior city proposals. Moreover, in anticipation of an opposition in the name of regional reform, a sunset

clause to JumpStart so that it would be terminated if a similar tax were to be implemented at the county or state levels.

The wider discussion around progressive tax reform at the time further allowed business groups to justify their support for JumpStart. Business representatives pointed to the alternative tax proposals like the Amazon Tax being circulated at the time, arguing that JumpStart was the most business-friendly option out of all, appreciating the inclusiveness of the JumpStart policy process. While the inclusion of businesses in the coalition led some grassroots activists—advocating for a larger tax—to condemn JumpStart, the radical flank effect ultimately demobilized the fervent opposition which had proved detrimental in past reform attempts. After all, those advocating for a larger tax still supported progressive tax reform, regardless of the form it took. Overall, support from nonpartisan groups on the one hand, and the presence of an alternative and more radical proposal, broadened the policy coalition and increased public support. Together, these forces depoliticized tax reform to a degree, even making it seem centrist by comparison.

In the broader context of 2020—marked by the COVID-19 public health emergency, the police murder of George Floyd, and the mass protests calling for racial justice—opposition to tax reform was notably more fragmented and less coordinated than in earlier campaigns. As one organizer observed, “the opponents like the Chamber [of Commerce] and ... big business [was] just very much on the defensive, kind of on their back feet.” Businesses were arguably more “distracted” than in 2018 to effectively organize in opposition, “not in the sense that they didn't see that it was happening, [but] with the pandemic, some of the energy that might have gone into fighting that was just like, you know, Amazon—they've got all kinds of health and safety stuff going on in their warehouses... This was kind of like, ‘oh, God, it's one more thing we can't deal with this.’”

The excerpt above points to how the pandemic and racial justice uprisings not only created political opportunities to do something to address inequality but also constrained the usual mechanisms through which elite actors block redistributive efforts. As a result, reform advocates were able to successfully mobilize for a tax measure, which in more settled times might have favored corporate interests.

Towards a Relational Politics of Redistribution

Redistribution is the material ties that bind a community. How we allocate public resources—across people and issues, and through the articulation of their boundaries—reflects what we owe each other and who “we” are. Through redistribution, communities effectively define what constitutes a fair share and the collective commitments they uphold. From the perspective of fiscal sociology, taxation represents the modern social contract: a web of generalized reciprocity that shapes state-society relations and sets the boundaries of government action (Martin et al. 2009). Framing taxation as a relational concept is perhaps the most promising contribution of the new fiscal sociology (Campbell 2009). Taxation, in this sense, is the material infrastructure of collective governance, central to the formation of imagined political communities.

Yet tax and budget processes have often been relegated to a technical domain, centering political elites and technical experts, data and numbers serving as currency. These processes have often excluded grassroots organizers, especially at the State and Federal levels. Calling budgets “moral documents,” one participant emphasized that tax fights were “more of an emotional fight than people give it credit for... a constant struggle of creating a shared sense of... collective good and collective responsibility.” “And not just looking out for our own,” they

continued, “but looking out for each other, because we know that’s ultimately what true safety is.” Thus, the role of local organizers as key actors in tax reform campaigns, which have been typically dominated by policy experts and elite political figures, enabled these efforts to tap into the relational ties and collective sense of the common good that underpin the politics of redistribution.

The participation of the Transit Riders Union and other community organizers helped broaden interest in tax reform at the grassroots level. Laura, the grassroots organizer who expressed a deep interest in holistic policy thinking, shared that seeing progressive groups care about progressive revenue “gave me permission to shift my focus to those things.” She had been involved in issues such as land use policy, criminal justice reform, police reform, and anti-austerity budgeting, however, tax reform had not always been a space that centered the poorer communities. She described an undercurrent where pro-tax people were those perceived to have “less to lose,” and tended to be “lefties that had stable jobs and generational wealth and were whiter.” Meanwhile, poor communities and communities of color, impacted the most by the regressive tax structure, were not always among those mobilizing for progressive revenue. Laura’s perspective underscores how cultivating trust and community relationships help bring in diverse actors into the politics of redistribution.

The coalition dynamics documented here underscore the importance of relationality in organizing for tax reform, and how local initiatives are uniquely positioned to ground their narrative in relationships with people and the issues that impact the immediate lives of urban residents. For example, influenced by their experiences organizing for reproductive rights, refugee rights, and tax advocacy, Eli believed organizing was the most successful “when it’s powered by authentic relationships and real human interaction.” Long-term relationships allowed

people to stay committed to organizing in the long-term. Eli shared, “Quick mobilizing stuff can often burn out or fuse out because people are being motivated by a message. Not by people that they’re in relationship [sic] with.” Relational organizing built on a shared sense of place and a tangible sense of accountability, resonating with people in ways that connected redistribution to lived experiences.

In contrast, redistribution at the State and Federal levels tended to remain either theoretical–based in a more abstract sense of community or relationships–or the exclusive turf of elite political actors behind closed doors. Going forward, Eli expected to see a lot more organizing at the local level:

People feel overwhelmed by what is happening federally... Like, does my vote count? But what people do know is that it matters if they show up with their other friends to the City Council, and they know that it can make a difference at their local School Board... or you know, at the local hospital.

Feeling disillusioned by Federal politics or not feeling heard at higher scales, people felt empowered, “less alone” by organizing at the local level. Eli believed relational organizing was “the only way we’ll really win any mass tax fight or progressive revenue fight.” These excerpts spotlight a relational politics of redistribution, revealing the opportunities that centering a shared place presents in the fight against inequality and injustice.

Conclusion

In the face of state constitutional restrictions on progressive taxation, both JumpStart Seattle and the Amazon Tax represented bold efforts to raise local revenue by targeting big businesses, while preventing a disproportionate impact on labor-intensive industries with low profit margins–like groceries and construction. While JumpStart ultimately became law, it did so

in a field shaped by external pressure from sustained grassroots mobilization. I argued that JumpStart's success was less about substantive policy differences that distinguished it from alternatives and more from the coalitions that backed it.

The timing of the tax campaigns provided a critical window of political opportunity. 2020 was marked by the George Floyd uprisings, mass mobilization for police reform, homelessness during a public health emergency, and a more progressive leaning City Council than 2018. Since the push for taxing big businesses was sustained since the EHT's defeat in 2018, Seattle was prepared to make change at the right time. Still, it was underlying political alliances and relational credibility that proved decisive in allowing Seattle to pass a historic business tax. Differences in leadership styles, evident in distinct approaches to coalition-building and sources of political legitimacy, reflected the diverse progressive agendas that emerged in post-tech boom Seattle. Taken together, these relational, political, and strategic accounts illustrate how efforts toward redistribution helped cultivate a shared sense of space and collective responsibility within imagined communities.

Chapter 6. Conclusion

As cities assume responsibilities once reserved for higher levels of government, understanding how local actors confront structural constraints and build collective power from the ground up becomes increasingly urgent. The case of Seattle offers a lens into local taxation and state building, highlighting the role of post-industrial relations, local institutional context, and coalition-building in subnational state formation. In doing so, it contributes to understanding politically and institutionally viable ways for cities to address inequalities in the 21st-century.

At a time when prosperity and precarity co-evolve in strategic urban centers, cities are not just politically marginal units but key arenas for contestation over redistribution and the boundaries of political authority, even amid challenges imposed by American federalism. Through neo-municipal responses to institutional constraints and shifting political-economic conditions, cities may cultivate new visions and visionaries for redistribution and for addressing 21st-century inequalities. They serve as “testing grounds” for social movements and “petri dishes” for institutional experimentation.

As the case of Seattle shows, local change initiatives deserve attention not only for their immediate policy outcomes, but also as nodes in iterative processes that build legal precedent, institutional capacity, and coalitional mobilization. This emphasis on iteration highlights how the field of fiscal governance shifts over time, as historical legacies and evolving structural constraints reshape strategies and relations. While opportunities for imagining and mobilizing for redistribution may be distinctly local, the visions that take root in one place can diffuse outward: “as goes Seattle, so goes the rest of the State.”

Tracing the Arc of Fiscal Transformation

To trace the arc of Seattle's redistributive aspirations amid broader political economic shifts, the preceding chapters attended to a distinct facet of Seattle's fiscal history. Chapter 2, situated the emergence of Seattle's tax policy innovations within key shifts at the regional and national scales, culminating in the rise of progressive movements following the 2008 Recession. It highlighted that policy experiments, even while structurally constrained and unsuccessful at creating immediate change, still reshaped what was politically imaginable, contributing to a coalitional momentum that could reverberate beyond its immediate time or place.

Then, Chapter 3 addressed how institutional context shaped the process and outcome of efforts to tax big business in Seattle. The passage of JumpStart was puzzling, not only because local governments rarely engage in such resource-intensive policy development on their own, but also because the policy came on the heels of a far more modest tax that was defeated due to strong opposition from business and labor groups. I argued that the mounting strain on municipal capacities, particularly in responding to the crisis that housing insecurity and homelessness presented, allowed the city to claim political authority to target the tech boom's wealth agglomerations, mobilizing resources to explore new policy possibilities.

Chapter 4 addressed how affordable housing transformed into a local revenue issue, tracing how the federal government's retreat from serious urban policy laid the groundwork for neo-municipal responses aimed at developing and preserving affordable housing. The tax system's inability to effectively capture locally generated wealth increased pressures on local governance, leading the city to explore ways to tap into new revenue streams. These evolving fiscal strategies reframed redistribution not only as a moral imperative, but as a way to pay "for

the obvious thing to address” through new, durable sources of local revenue. I further highlighted the strategic role of earmarking—even when not legally binding—in bridging structurally separate policy domains and interests. Through the collaborative design of a spending plan to allocate shares of future revenue, JumpStart aligned diverse organizations around a shared interest in redistribution, and the opportunity to be seen as part of the solution during a time of crisis.

Chapter 5 then shifted focus to the visionaries behind Seattle’s progressive agendas, examining how grassroots pressure and institutional efforts interacted to shape political possibilities that re-centered city power in the 21st-century. Through a comparative analysis of the JumpStart and Tax Amazon coalitions, I highlighted Councilmembers Mosqueda and Sawant’s distinct approaches to mobilizing support and political legitimacy. While both coalitions coalesced around similar spending commitments, leadership differences, not substantial policy divergence, drove why one proposal “had no legs” while the other became law. Having reviewed key findings, I now turn to broader contributions to urban studies, political economy, sociology, and comparative historical analysis.

Progressive Statecraft after the Post-industrial Turn

Just as industrialization once catalyzed a battle over city power (Schragger 2016), the post-industrial turn has again transformed local power, compelling cities to harness their generative capacities. Building on research in urban studies, political economy, and social movement scholarship, I highlight three interrelated dynamics shaping local tax reform. I argue that these dynamics not only describe historical struggles that have transformed local governments into focal points or redistribution but also carry broader implications for how we theorize state formation, institutional change, and the political influence of social movements.

First, the spatial concentration of high-paying jobs, cultural capital, and various other opportunities in strategic urban centers (Le Galès and Pierson 2019) concentrates not only economic capital, but also political opportunities for systemic change. In Seattle, the dynamics that shaped the affordability crisis also fueled contestations around investments in the public good. The elected officials, labor and advocacy organizations, businesses, political activists, and service providers who participated in these processes were not unified around a moralizing agenda to “tax the rich,” but a social investment strategy aimed at tapping into new revenue streams in the face of federal and state retrenchment.

Thus, this study underscores a relational conceptualization of redistribution, which emphasizes the link between private wealth and public investment to interrogate processes of subnational state formation. Rather than treating extraction (taxation) and investment (welfare spending) as analytically distinct, future research on the subnational welfare state would benefit from a more holistic framework that examines how inequality, understood as a relationship, is addressed through redistributive policy.

Second, the deepening of national political polarization has both intensified the urban-rural divide and forged new cross-class coalitions in metro areas (Ansell and Gingrich 2021; Hacker et al. 2023; Zacher 2024). The shifting electoral base of the Democratic Party has fostered U-shaped, cross-class coalitions—particularly in knowledge economy hubs—that support redistributive policies (Iversen and Soskice 2019; Ansell and Gingrich 2021; Hacker et al. 2023; Zacher 2024). In such “superstar cities,” the alignment of interests between wealthy and lower-income residents around improving local quality of life (e.g., affordable housing and homelessness programs) incentivized solidarity across differences. Tax reform efforts in Seattle underscore the critical role of political leadership in assembling and sustaining such coalitions,

not just through ideological alignment but also ongoing processes of political mobilization, which transform those shared interests into particular policies of redistribution.

Third, the rise of community-labor coalitions organizing around local initiatives—such as minimum wage laws, labor protections, and tenants’ rights—has shifted the boundaries of the possible for city-level action (Schragger 2016; Joy and Vogel 2021). The increasing interest of labor and grassroots organizations in decentralist progressive agendas has further “re-centered” local governments as focal points of redistribution (Ogorzalek 2021). As partisan conflict stalls progressive policies at the national scale, and state governments increasingly serve as laboratories *against* democracy (Grumbach 2022), local governments have emerged as more moral, if weaker, political actors (Leeds 2020). Cast as less captured or “institutionally corrupt” than the federal government and subject to less anti-tax lobbying than their state governments, local governments have become more central to progressive political agendas.

The JumpStart campaign benefited from this shift, in two ways: relational organizing and a radical flank effect. First, the community organizers’ shift to progressive revenue reform helped broaden public interest in these efforts. Second, the grassroots mobilization for the more confrontational Tax Amazon campaign repositioned JumpStart as a moderate, viable, and inclusive alternative, ultimately pushing new revenue measures forward. The coexistence of different tax reform efforts generated a radical flank effect: the broader mobilization to “Tax Amazon” helped “shift the Overton window,” casting the JumpStart campaign as politically moderate, if not altogether apolitical. Thus, this study underscores that community-labor coalitions’ local initiatives are worthy of attention not only for their direct policy outcomes, but also through radical flank effects that “shift the Overton window,” and relational organizing that broadens people’s political imagination, transforming what is politically possible.

Contributions to Comparative Historical Sociology and Tax Scholarship

This dissertation also advances contributions to comparative historical analysis and the scholarship on taxation. First, its processual account of local tax reform advances institutionalist perspectives, demonstrating how historical legacies and coalition dynamics intersect to shape policy processes and outcomes. Institutional rules constrained the legally, technically, and politically feasible policy options. Seattle's regressive tax structure—limited legal authority, underdeveloped administrative capacity, and data shortages due to existing tax collection practices—reinforced path dependence. For instance, the absence of a tax collection infrastructure was a key reason the state income tax failed in 1932. 86 years later, a similar lack at the city level discouraged elected officials and bureaucrats from pursuing a payroll expense tax.

Policymakers negotiated tradeoffs between equity and technical clarity. When businesses demanded transparency, bureaucrats lacked the confidence in estimating revenue from complex progressive proposals. Urgency, ironically, deepened policy inertia in 2018. Facing a housing emergency, policymakers prioritized options like the EHT with known technical and legal feasibility over more progressive but riskier alternatives.

Nevertheless, even ostensibly failed policy attempts expanded the boundaries of the possible. The EHT's repeal was not simply a defeat; it revealed how past attempts generated institutional and grassroots momentum, while keeping the issue on the table. Legislative action, even if unsuccessful, set precedents, tested authority, and strengthened institutional capacity. Seattle's trajectory shows that reform processes, not just outcomes, matter for state-building.

By analyzing reform efforts as sequences of problem-solving (Haydu 1998), this dissertation also extends Biernacki's (2005) model of action. Rather than viewing goals as fixed

objectives independent of setting, the political contests documented here cast the goals and stakes as contextually shaped by the schemas and resources available to a given actor (Sewell 1992). We see actors mobilizing not only for immediate policy change but also to be part of a winning coalition, to test the boundaries of local authority, or to accumulate know-how and institutional resources.

Through its conceptualization of subnational state formation, this study also extends theories of taxation and political authority beyond their national focus. Place-based inequalities produce compensatory demands. Scholars have argued that governments tax the rich not in response to inequality, but when it resonates with people's sense of fairness (Scheve and Stasavage 2016; Mehrotra 2013; Limberg 2019). In Seattle, fairness was constructed through careful targeting: under a regressive state tax system, officials framed their narrow focus on large firms as both equitable and legally viable. They fractured the business community through a novel policy design that allowed them to target firms based on differences in their employee base. This policy design reflected political legitimacy not only as moral resonance, but as institutional appropriateness—in alignment with the state's existing logics of appropriateness.

Moreover, this study conceptualizes earmarking as a political strategy, rather than a purely technical tool. In doing so, it contributes to understanding broad tax coalitions across differences. Allocating shares of revenue for specific purposes like affordable housing, small business relief, refugee rights, and workforce stabilization initiatives—whether or not legally binding—signaled fiscal responsibility and framed the public interest, helping mobilize support for taxation from actors beyond the usual tax policy field. Notably, workers from building trades were wary of imposing taxes on businesses, as it called back memories of the Boeing Bust and the Great Recession. The emphasis on affordability and workforce stabilization helped reduce

their fears of capital flight, offering an alternative imaginary beyond pro-growth, low-tax agendas.

Through these analyses, I advance a relational conceptualization of redistribution, emphasizing the link between private wealth and public investment to interrogate processes of subnational state formation. Rather than treating extraction (taxation) and investment (welfare spending) as analytically distinct, I center inequality, understood as a relationship, in the coalitional and institutional processes. The stark economic disparities between dominant economic actors and the broader population further facilitated a “divide and tax” strategy that fractured elite opposition. In contrast to views of capital as a monolithic force, these findings demonstrate how policymakers exercised agency within complex legislative and coalitional processes. The findings challenge long-held beliefs about the “economic” barriers to local authority, illustrating how the spatial concentration of corporate power not only limited but also fueled progressive statecraft. Future research on the subnational welfare state would benefit from a more holistic framework that examines how relational inequality is intervened through policies that institutionalize particular ways of extracting and allocating resources.

Finally, this case serves as a cautionary tale about the share of a single company in a local economy and its disproportionate impact on the politics of taxation. Seattle’s tech boom created interdependence between Amazon and ancillary industries (e.g., construction, real estate), making efforts that could threaten growth, like business taxes, politically fraught. Amazon’s opposition, most notably its pause on development plans in response to the EHT, sparked backlash from building trades unions and commercial real estate developers. The memory of the Boeing Bust exacerbated a sense of precarity, reinforcing the public’s aversion to taxing their

“local homegrown” company. If Washington state’s tax system incentivizes economic concentration or monopolization, then the expansion of Amazon could be more.

Future research can further interrogate the relationship between fiscal history and economic concentration, and how diversification could influence opportunities for redistribution. Comparing cities where major companies have staked at divergent positions vis-a-vis progressive taxation (e.g., San Francisco’s Salesforce leading progressive business tax campaigns to fund homelessness programs) the conditions under which the wealthy want to be taxed. As this study has shown, moments of local fiscal innovation are not merely reactions to higher-level neglect but are constitutive of subnational state formation in an era of uneven development.

While this study offers a close analysis of one city’s approach to redistribution, it leaves open questions about how such efforts interact across city, state, and national levels, particularly as new crises emerge. Future research might deploy comparative cases to investigate how different institutional contexts and place-based inequalities shape what cities are able to achieve, and how cities innovate around other pressing issues like climate change, education reform, or healthcare.

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