

April 3, 2020 News

---

## Topics

Tax  
Washington Tax

---

## Related People

Ryan P. McBride  
mcbriдер@lanepowell.com

Scott M. Edwards  
edwardss@lanepowell.com

---

## Related Practices & Industries

Business  
Tax

# Washington Supreme Court Denies Review of Seattle Income Tax

## Firm Announcement

The Washington Supreme Court has declined to hear Seattle’s appeal of the Washington Court of Appeals’ decision upholding a lower court’s conclusion that Seattle’s income tax was invalid. The decision ends the case and definitively establishes that Seattle cannot legally impose a graduated income tax.

In June 2017, mere weeks after deciding to “study” the issue, the Seattle City Council enacted an ordinance establishing a city income tax of 2.25% on “high earners” — individuals with more than \$250,000 or married couples with more than \$500,000 of income reported on their federal income tax returns. Seattle passed the tax knowing that it was unlawful, in the hopes that the Washington Supreme Court would ultimately take the case and do what Washington voters have repeatedly refused to do — change Washington’s constitution. That gambit has failed.

The tax was immediately challenged in four separate cases, which were later consolidated. In November 2017, King County Superior Court Judge John Ruhl entered an order striking down the tax on statutory grounds, holding both that no state statute authorized cities to impose a local income tax and that a state statute expressly prohibits cities from imposing such a tax. Because the court invalidated the tax on statutory grounds, the Superior Court decision did not address the constitutional validity of Seattle’s income tax.

Seattle appealed that decision to the Court of Appeals, which affirmed the Superior Court’s conclusion that Seattle’s income tax is invalid, though on different grounds.

Seattle sought to further appeal the decision to the Washington Supreme Court. As a result of today's decision, the Court of Appeals' decision stands.

Lane Powell attorneys Scott Edwards and Ryan McBride together with Freedom Foundation attorneys David Dewhirst and Eric Stahlfeld represented one group of plaintiffs. Edwards commented, "We are pleased with the Supreme Court's decision, which puts an end to Seattle's effort to circumvent the democratic process and the will of the voters. The proposed tax was clearly unconstitutional and this decision is a reaffirmation of that."