

New Report

JumpStart Promised Growth. Seattle Got an Economic Slowdown.

Five years in, it's clear: Seattle's JumpStart Tax has fueled differing tax environments. Seattle's record business taxes contribute to job loss, high office vacancy and collapsing commercial property values. Meanwhile, Bellevue thrives.

Overview

When passed in 2020, city leaders said Seattle's record new "JumpStart" business taxes would generate progressive revenue from Seattle's largest, highest-paying businesses to fund COVID-19 relief (an important need at the time), affordable housing, essential city services, long-term economic recovery and resiliency, while jumpstarting economic prosperity throughout the city.

But since 2020, what we have seen in downtown Seattle is not a "jump start", but instead, a slowdown. Since being implemented, downtown Seattle has lost around 30,000 jobs. The office vacancy rate increased to 32% in the downtown core. And more than \$10 billion in office value has been lost.

Meanwhile, in Bellevue, dating back to 2020, the city has seen more jobs come to its core, lower office vacancy, and the stability of office building

values. This provides a stark tale of two cities and two tax environments just miles apart.

Seattle has become a tax outlier in the region, and it's costing the city jobs and tax revenue, while shifting the property tax burden to residents and small businesses, worsening overall affordability in the city.

It's clear Seattle doesn't need more business taxes. Seattle needs more businesses located and growing in the city paying taxes.

To do that, Seattle leaders must embrace a more pro-business and pro-jobs tone and tenor, focus on lowering business costs, speeding up permitting new developments and intentionally committing to a more predictable regulatory and tax environment. This is the recipe for job growth, a strong tax base and a more affordable city.

A New Report: The Tale of Two Cities

The Downtown Seattle Association conducted an audit comparing the tax environment and business climates of Seattle and Bellevue. This analysis has produced a new report that clearly illustrates where Seattle is losing ground to its neighbor to the east.

Key takeaways include:

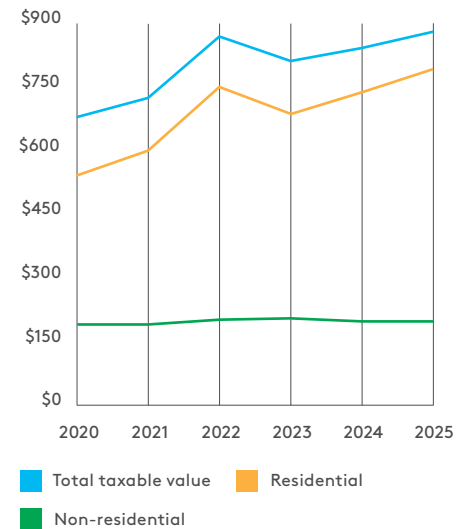
- Seattle imposes significantly higher and more complex business taxes than Bellevue, including a B&O tax (up to 0.658% of gross receipts), the payroll “JumpStart” tax and a 5% social housing tax on high compensation, in addition to a higher minimum wage and property taxes. In general, Bellevue offers a more business-friendly cost structure, with fewer business taxes and at a lower rate.
- Depending on industry, Seattle’s B&O tax on gross receipts greater than \$2 million (0.342% to 0.658%) is two to four times higher than Bellevue’s B&O tax (0.1596%).
- In 2026, Seattle’s payroll expense tax (“JumpStart Tax”) at the lowest applicable level for each tier (see chart below for details) would cost relevant Seattle businesses between \$1,450 and \$9,390 per job. Additionally, for salaries above \$1 million, Seattle applies an excess compensation tax of 5%, costing, at minimum, \$50,000 per applicable job. Bellevue does not have comparable taxes on either payroll expenses or excess compensation.
- Downtown Bellevue’s office sector has been far more resilient than downtown Seattle office properties. Between 2020 and 2025, downtown Bellevue’s office properties saw an increase of 7% in assessed

value compared to downtown Seattle’s office properties falling 48% in value.

- In 2019, Seattle’s CBD had an office vacancy rate of 6.7% and in 2025 that had risen to 32% which has led to significant declines in the taxable value of downtown Seattle office properties.
- Historically, residential property owners comprise around 65% of King County’s tax base. By 2025, that burden had risen to 83% while non-residential properties’ share declined from 35% to 17%.
- In 2019, Seattle and Bellevue had almost equal property tax rates. However, by 2026, Seattle’s had risen in part due to an increase in city-specific levies and the General Fund, increasing 48% in Seattle (adding \$1.91 in taxes per \$1,000), while Bellevue’s property tax rate declined 16% over that same period (declining \$0.60 per \$1,000).
- In 2026, Seattle is projected to collect \$410 million in JumpStart funding, \$80 million in increased B&O tax revenue and \$115 million in Social Housing Tax revenue. These taxes are largely placed on businesses and are taxes Bellevue does not have, or in the case of B&O, have lower rates.

King County Taxable Value by Property Type

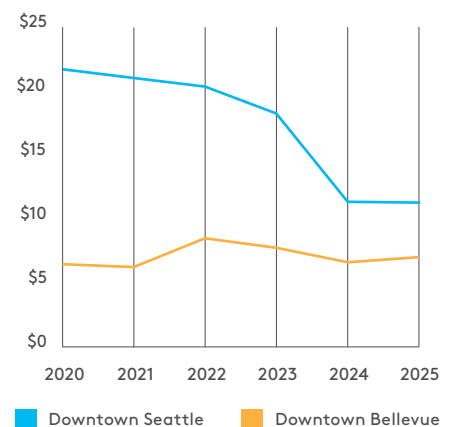
In billions



According to the King County Assessor’s Office, since 2020 the overall taxable base grew strongly, but that growth was not broad-based across all property types. Excluding new construction, total taxable value rose from \$631 billion in assessment year 2020 to more than \$829 billion in assessment year 2025, a nearly 34% increase largely driven by the value of residential property (1–4 units) rising 59% over that time period.

Downtown Office Property Taxable Values

In billions



Between 2020 and 2025, King County’s office sector lost more than \$16 billion in taxable value with downtown Seattle office representing nearly two-thirds of this decline.

Source: Office of the King County Assessor, 2026.

Washington and King County tax explainer

Washington has a budget-based property tax system with property taxes paid at the state, county and local levels. In other words, the budget is set (within specified parameters) and then the share of each property's tax assessment depends on whether your property's value increased or decreased relative to other properties. For example, if office properties increased in value faster than residential properties, that would in effect shift a greater burden of property taxes toward office compared to residential.

Since 2020, King County's tax base has shifted further toward residential property (1-4 units), which grew from 59.3% of total taxable value to nearly 67% in 2025—an increase of more than six percentage points. Although most property types gained value during this period, office properties across the county declined by 21%, shifting more of the property tax burden onto single-family homeowners. Falling office values can signal a weaker business climate, since they are closely tied to rising office vacancy rates.

According to the City of Seattle's Office of Economic and Revenue Forecasts, the regional labor market is weaker than the national one along with weakening household spending. The City forecast notes that the construction sector and tech sectors are also experiencing significant downturns.

A deeper dive into the numbers

When comparing business tax burdens and broader tax trends in Seattle and Bellevue, the contrast is clear: *Bellevue's more favorable tax climate has made it increasingly attractive to employers and investment relative to Seattle.*

	Seattle	Bellevue	Sources/Notes
B&O Gross Receipts Tax	<p>Depending on industry, Seattle's business tax rate ranges from 0.342% to 0.658% for 2026</p> <p>Note: Applies to businesses with gross receipts \$2 million or above</p>	<p>The current gross receipts tax rate of 0.1596% applies to all gross receipts tax classifications.</p> <p>Note: Applies to businesses with gross receipts \$215,000 or above</p>	<p>https://bellevuewa.gov/city-government/departments/finance/business-taxes/business-occupation-taxes/gross-receipts-b--o-tax</p> <p>https://www.seattle.gov/city-finance/business-taxes-and-licenses/business-taxes</p>
B&O Square Footage Tax		<p>The 2026 square footage B&O tax rate is \$0.3297475 per taxable square foot per quarter.</p>	<p>https://bellevuewa.gov/city-government/departments/finance/business-taxes/business-occupation-taxes/square-footage-b--o-tax</p>

Seattle

Bellevue

Sources/Notes

Payroll Expense Tax “JumpStart Tax”	<p>This tax applies to businesses with Seattle payroll expense of \$9,074,409 and at least one employee making \$194,452 or more in 2026.</p> <p>\$194,452-\$518,537.99 - 0.746% - 1.492%</p> <p>\$518,538 or more - 1.811% - 2.557%</p>	<p>https://www.seattle.gov/city-finance/business-taxes-and-licenses/seattle-taxes/payroll-expense-tax#whatisthetaxrate</p>	
Social Housing Tax	<p>The Social Housing Tax is an excess compensation excise tax intended to provide a dedicated revenue stream to support the public development authority. The tax is imposed on persons engaging in business in the city of Seattle. The Social Housing Tax imposes a tax rate of 5% on compensation that exceeds \$1 million paid in Seattle to an employee. The new tax went into effect on Jan. 1, 2025.</p>	<p>https://www.seattle.gov/city-finance/about-city-finance/directors-rules/directors-rule-5-981</p>	
Property Tax Millage Rate (Tax per \$1000 of Property Value)	<p>In 2019, City Share: \$3.79314 per \$1,000</p> <p>In 2026, City share: \$5.59984 per \$1,000</p> <p>Seattle has increased property taxes \$1.81 per \$1,000 since 2019</p>	<p>In 2019, City Share: \$3.71973 per \$1,000</p> <p>In 2026, City Share: \$3.11797 per \$1,000</p> <p>Bellevue has decreased its city portion of property taxes by \$0.60 per \$1,000 since 2019</p>	<p>https://kingcounty.gov/en/dept/assessor/buildings-and-property/property-value-and-information/reports/levy-rate-reports/-/media/king-county/depts/assessor/buildings-property/reports/levy-rate-info/city-tax-comparison/2025-2026/2026councildist-median-avchg-Seattle.aspx</p>
Business License Fees	<p>In 2026, the annual fee ranges from \$73 to \$3,210 depending on Seattle taxable revenue and must be renewed annually by Dec. 31.</p>	<p>The registration fee for licenses obtained in 2026 is \$119 and does not need to be renewed annually.</p>	<p>https://bellevuewa.gov/city-government/departments/finance/business-taxes/business-licenses</p> <p>https://www.seattle.gov/city-finance/business-taxes-and-licenses/business-licenses#20222024</p>
2026 Minimum Wage	<p>\$21.30 per hour (Seattle’s minimum wage is \$4.17/hour higher than Bellevue)</p>	<p>\$17.13/hour</p>	<p>Seattle: https://www.seattle.gov/laborstandards/ordinances/minimum-wage</p> <p>Bellevue: https://www.lni.wa.gov/workers-rights/wages/minimum-wage/local-minimum-wage-rates</p>
Office Vacancy Rate	<p>2025 Seattle CBD: 32%</p> <p>2019: 6.7%</p>	<p>2025 Bellevue CBD: 24%</p> <p>2019: 2.5%</p>	<p>CoStar</p>
Change in Jobs 2023-2025	<p>Down 1.3%</p>	<p>Up 12.6%</p>	<p>Estimate using Placer.ai.</p>