



## Seattle's 'Amazon tax' to hurt wages, hiring, experts warn

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A new tax approved by the Seattle City Council late Monday will have a negative impact on businesses in the area, experts say, which could mean a reduction in both hiring and wages.

"The private sector will respond in a negative way to the new head tax, in this case with less hiring and modestly reduced wages," Chris Edwards, director of tax policy studies at the Cato Institute and editor of [www.DownsizingGovernment.org](http://www.DownsizingGovernment.org), told FOX Business.

Veronique de Rugy, a senior research fellow at the Mercatus Center at George Mason University, agreed, telling FOX Business that not only wages for future employees, but wage growth for current workers, as well as bonuses, will be affected.

Already, two of the city's largest employers – e-commerce giant Amazon and coffee retailer Starbucks – have come out in staunch opposition to the measure, which is intended to raise revenue to help aid the city's homeless.

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Amazon said it was "disappointed" by the outcome of the vote and raised questions about its future growth in the city. It called the policy "anti-business."

De Rugy said Amazon may even decide to shrink its operations in Seattle, instead shifting more capacity to its second U.S. headquarters when that facility opens. The e-commerce giant is currently deciding on a location.

Meanwhile, Starbucks, which is also headquartered in Seattle, also slammed the measure in a statement after the vote.

"If they cannot provide a warm meal and safe bed to a 5-year-old child, no one believes they will be able to make housing affordable or address opiate addiction," John Kelly, Starbucks's senior vice president of global public affairs, said.

The tax comes out to 14 cents per employee per hour, or \$275 per employee, per year, on for-profit companies that net at least \$20 million annually. It was unanimously approved by the city council's board members.

Edwards said the measure is effectively "a hidden-tax on citizens."

“The city could have slightly raised its property tax, which is more visible to voters, rather than effectively taxing workers through their employers,” he said.

A slew of other prominent U.S. corporations in the area have yet to comment on the measure, which is expected to raise \$48 million per year.