

From: Mike Raymond [mailto:mraymond@mascottec.com]
Sent: Sunday, January 25, 2009 7:43 PM
To: Monica Lusk
Subject: The Keg

When my wife and I were dining at The Keg Saturday night it was announced they were closing the restaurant at the end of January. I found that strange since we dine there at least 4 or 5 times a year and it always seems busy. Since this will mean another hit to the local economy due to the lost jobs and tax revenue I would like to suggest that the City offer a tax break if the company will keep the restaurant.



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CC: Fabatha Miller

From: Tabatha Miller
Sent: Monday, January 26, 2009 4:38 PM
To: mraymond@mascottec.com
Cc: Monica Lusk; Janet Stallman; Dick Loman
Subject: FW: The Keg

Mr. Raymond,

We too were surprised and sad to hear that the local Keg Steakhouse was closing. The City has explored tax relief for local businesses, but with the exception of a few specialized industries, quite frankly, we generally can't provide a level of relief significant enough to assist a business in remaining open. If the City does take such action, it must uniformly grant such relief, which means providing all restaurants similar tax breaks and the resulting impact to the City's budget is more substantial.

Although certainly significant to Burien, the amount of taxes that the Keg or other businesses pay to Burien is a small portion of each business' overall taxes. For example, Burien's Business & Occupation (B&O) tax is .05%; therefore, for every \$100,000 in gross revenue a business earns, it would remit \$50 to the City of Burien. Even for a multi-million dollar a year business, the abatement of the entire Burien B&O tax would only amount to about \$1,000. The State B&O tax rate varies based on the business classification, but retail sales, which most restaurants fall within is .471%; so, for every \$100,000 in gross revenue a business will remit \$471 – about 1/10th of the Burien rate.

A reduction of other City taxes such as utility taxes or property taxes would have to be done uniformly, so that everyone is treated equally. Like other taxes, the amount of property tax actually levied and collected by Burien is a small amount of the total paid by Burien property owners – the City receives about 12% of the total. Similarly, sales tax, although collected from the customer, is 9% or 9 cents on every dollar, Burien's portion is only .85% or less than 1 penny of the total sales tax collected.

All of that said, if there is action that the City can take that is meaningful and within its own constraints, we are more than willing to assist. I have passed this email on to our Economic Development Manager – Dick Loman, and it will also be included in our next City Council Meeting Packet – which becomes part of the public record.

Regards,

Tabatha Miller

Finance Director

City of Burien

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