



Whatcom County Small Businesses Urge Legislature to Reject State Income Tax

To the Honorable Members of the Washington State Legislature,

We write to you today as a group of local businesses in Whatcom County committed to strengthening our local economy through job creation, investment, and innovation. As you consider SB 6346, the proposal to create a state income tax on income above \$1 million, we felt it was important to share our concerns about how this policy could affect employers in our community and threaten the vitality of our economy.

While presented as a “millionaires’ tax,” many businesses in Washington operate as S-corporations, partnerships, or LLCs, meaning business income passes directly through to the owner’s personal tax return. As a result, SB 6346 would impose a new 9.9% tax on business earnings, even when those funds are reinvested into growth, equipment, or employee wages rather than taken as personal profit.

In Whatcom County, where industries such as construction, agriculture, manufacturing, retail, hospitality, and maritime businesses often operate on narrow margins, this additional tax burden, among the highest tax rates in the nation, could force businesses to cut jobs, reduce hours, or delay expansions. S-corps and LLCs, which represent over 85% of small businesses in our state, would be particularly affected, as the \$1 million threshold may not fully reflect the realities of business cash flow and reinvestment needs.

This tax risks driving our local businesses to more competitive states, exacerbating talent shortages and stagnating economic growth in our region. Instead of supporting entrepreneurship, SB 6346 would discourage innovation and deter new ventures, ultimately affecting the workers and families who depend on these jobs. We respectfully urge you to consider the potential impacts on local businesses and the communities that rely on them. We ask that you oppose this bill and prioritize policies that allow our local businesses to thrive.

Thank you for your service to our state and for considering the perspective of employers in Whatcom County.

Sincerely,

Whatcom County Businesses

Advocations Community and Employment Services

AGC of Washington

AMBK, LLC

AMS Print

Amy and Charly Myers

Axiom Construction

Bellingham Truck Wash, LLC

Bert Matter, Inc.

Birch Equipment Company

Dominion Fisheries

Enfield Farms

Epic Freight Lines, Inc.

Fat Grass Beef Co.

Haskell Corporation

Herb Nieman's Steak House

Honcoop Gravel, Inc.

Imco General Construction

Innotech Metal Designs

Innotech Process Equipment

Iron Creek Group

Lenssen Dairy, LLC

Limestone Ranch

Lineage, Inc.

Lynden Tech

Mills Electric Co.

Neeter House of Luxury

North 40 Equine Solutions

Northwest Insurance Solutions

Northwestern Health Care Linen

Ocean Swell Fisheries, LLC

Pacific Plumbing and Electric

Pacific Solutions Inc.

Rader Farms

Richner Trucking

Rob Graham Trucking

Skeers Construction

Stremler Gravel

T-Squared Construction, LLC
Target Market Enterprises (Little Caesars)
Tradewinds Capital Management
VanCorbach Enterprises, LLC
Washboy Pressure Washing, Inc.
Whatcom Business Alliance
Wiersma Enterprises
WRS Construction