



**CITY OF KIRKLAND**  
City Manager's Office  
123 Fifth Avenue, Kirkland, WA 98033 425.587.3001  
www.ci.kirkland.wa.us

---

## MEMORANDUM

**To:** David Ramsay  
**From:** Ellen Miller-Wolfe  
**Date:** February 4, 2010  
**Subject:** Draft Response to Letter from Gary Rubens

### **RECOMMENDATION:**

City Council review the draft letter to Gary Rubens.

### **BACKGROUND DISCUSSION:**

This draft letter is in response to a letter from Mr. Gary Rubens, President/CEO of Allied Trade Group, Inc. Mr. Rubens expressed concerns about the new business tax. He questions the tax on number of employees, both in regard to its timing – in a down economy – and its potential impact on Kirkland's competitiveness with surrounding cities relating to business attraction and retention.

**From:** Gary Rubens [mailto:grubens@alliedtradegroup.com]  
**Posted At:** Sunday, January 24, 2010 8:08 AM  
**Posted To:** Kirkland Council  
**Conversation:** [SPAM] Business License  
**Subject:** [SPAM] Business License

Hello Kirkland City Council,

My Name is Gary Rubens, I have conducted business in Kirkland for over 20 years, First with Architectural Details Inc, and currently with Allied Trade Group (ATG Stores.com), this is the first time in my life I have ever written a letter to a government official.

I love Kirkland, but it is becoming difficult to support the City as I watch it become more and more alienated from businesses within its core, I feel the polices towards business are going to drive away employees, employees and ultimately supporting businesses.

I know times are tough, budgets need to be cut and revenue needs to increase, all this while Washington State is experiencing its highest unemployment rate since 1984. However, I feel the direction of Taxing business in excess for their successes of hiring and keeping employees is sort of a "Slap in the Face" to those who have supported the ideals of Kirkland for many years. Ultimately this leads to employers either cheating or letting non essential employees go instead of keeping them on staff at the end of the year.

When I started my business in 1990 I paid the city's \$40 business license fee and went about my goal of growing my business, last week, my accounting manager brought me a bill to pay the City for \$10,600.00 for the city business license. Plus the City wants \$200 for a warehouse location we keep.

In this economy this bill alone could force a small company into bankruptcy. I had planned on hiring more employees in 2010, but now I am seriously looking at another expansion location outside of Kirkland, the Benefits that Kirkland brings me are not so much greater than another city.

I know the city collects revenue off our State taxes; my recommendation is to "Make Kirkland the new Renton" and become business friendly. I fear that if the City continues down this path, you will eventually run every large employer away, which means their employees will move, small supporting business will also not be needed.

Taxing Business is not the answer to long term growth.

Thanks for listening

Gary Rubens

**Gary Rubens** | President/CEO  
Allied Trade Group, Inc.  
11410 NE 122nd Way  
Suite 200  
Kirkland, WA 98034  
P: 425-814-2515 ext 2310  
F: 425-284-2154  
E: grubens@atgstores.com  
www.ATGStores.com



February 16, 2010

**DRAFT**

Gary Rubens  
President/CEO  
Allied Trade Group, Inc.  
11410 NE 122<sup>nd</sup> Way, Suite 200  
Kirkland, WA 98034

Dear Mr. Rubens:

Thank you for contacting the Kirkland City Council to share your thoughts about the City of Kirkland's business tax. We appreciate hearing from the business community. In your email, you express concerns that the City's current business tax thwarts business recruitment and retention.

As part of our strategies to balance the 2009-2010 Budget, the Council explored the option of changing the business license "base fee" structure to a "per employee" fee structure. The City Council's decision to adopt a per employee business license fee was based on its conclusion that, if Kirkland's economic future was tied to attracting knowledge-based high technology companies, its tax policy should reflect this. At the time, large companies were paying a minimal tax, which did not reflect the impact of providing city services to them. The City's business license structure is intended to better recognize the service impacts of larger companies, with fees varying based on the number of full time equivalent employees.

During the study of changing the structure, the City was careful to analyze the business tax structures of other communities to make sure that Kirkland was competitive in attracting businesses. Our assessment determined that the business tax the City adopted was either consistent or lower than those of adjacent cities.

Business license fees ensure businesses receive essential City services that the City provides such as police protection, security, emergency services, a clean city, parks and amenities. In addition, through our Economic Development Program, we fund a part-time business consultant, Duncan Milloy. Mr. Milloy offers monthly orientation sessions for new businesses, provides one-on-one technical assistance at no cost, including how to navigate City processes and helps companies make connections to other business resources.

We also work routinely with commercial brokers, developers and businesses to find locations for new businesses and opportunities for existing businesses to expand in place or find new locations in the city. Last year, a 'buy local program' and website called "KirklandFirst" ([www.KirklandFirst.org](http://www.KirklandFirst.org)) was created in response to the down economy as a means to promote business-to-business activity and instill resident awareness of local offerings and patronage of those businesses. The KirklandFirst website now features 300 Kirkland businesses and notes their discounts and special events.

The City is supportive of its business community and we're glad that Allied Trade Group, Inc. is part of our community. If you'd like to learn more about programs that support businesses, please contact Ellen Miller-Wolfe, Economic Development Manager at 425-587-3014 or [emwolfe@ci.kirkland.wa.us](mailto:emwolfe@ci.kirkland.wa.us) .

Sincerely,  
Kirkland City Council

By Joan McBride, Mayor