



To: Seattle Office of Economic Development

From: Seattle Film Commission

Re: Seattle Film Commission Statement on Impacts from SB 5814

The Office of Economic Development and Seattle Film Commission, after hearing feedback from many industry leaders in the area, have developed a Commercial Attraction and Retention Initiative, emphasizing the filming of commercial advertisements in Seattle as a cornerstone to developing and sustaining a thriving creative film industry in the city.

SB 5814 harms that focus by disincentivizing commercial filming in the State of Washington.

How SB 5814 Harms Washington Advertising

1. Advertising agencies in Washington work on tight budgets negotiated with clients. Assessing an additional 10% sales tax to advertising services means reduced revenue for advertising agencies, likely resulting in reductions in investment and layoffs.
2. While the law technically applies to out-of-state agencies, such enforcement will be difficult. In-state advertising agencies and businesses will find themselves at a competitive disadvantage to out-of-state agencies.
3. State, county, and municipal agencies are often clients of Washington-based advertising agencies and work to spread the message of their services through advertising. For example, Sound Transit often has a new media campaign each year. These media campaigns are funded by tax dollars - sales taxes, property taxes, excise taxes, etc. - which are then subject to state taxes again. As public agencies work on fixed budgets, this in turn leads to less messaging, reducing the effectiveness of educating the public about public health, safety, and other public interest campaigns.
4. SB 5814 creates an administrative headache by taxing only digital advertising but leaving other advertising methods, such as TV, radio, and print, untaxed. Advertising campaigns are often integrated so that the client and agency can focus on many different avenues. This tax creates an administrative nightmare by requiring companies to separately track work and hours performed on digital advertising



campaigns for tax purposes, a requirement which does not exist for the TV, radio, and print aspects of advertising campaigns.

5. SB 5814 includes a broad range of activities from performing arts to social media content to design. This will certainly harm the creative economy in Seattle by disproportionately burdening small businesses as well as independent and freelance creative and cultural workers. This especially applies to the most diverse groups within the broader industry including BIPOC and historically marginalized groups. Our mandate at the Seattle Film Commission is not only help attract and retain commercial film work to our city, but to do so with inclusion and equity at the forefront.

The tax essentially disincentivizes companies from developing and filming commercial advertisements in Washington. While it applies to digital advertising only, campaigns are usually developed with digital as one component of an integrated, multi-faceted campaign. At this time, we have identified several Seattle-based companies to approach to emphasize reinvesting in their city and community by filming in Seattle. That, coupled with Washington Filmworks having recently announced that qualifying commercial productions filming in Seattle are now eligible to participate in the Filmworks Production Incentive Program, will make Seattle an attractive location for commercial filming. With commercial filming comes economic reinvestment in the city, increased tax revenue, and most importantly good-paying jobs for Seattle-ites. SB 5814 undoes all of this by creating a major disincentive for filming commercial advertisements in Seattle.

We do not make a recommendation on other tax methods, but we do recommend that the City of Seattle approach legislators in Olympia to repeal the digital advertising tax contained in SB 5814.

Thank you,
Seattle Film Commission

Kat Ogden, Michael Huang, Champ Ensminger, Tom Florino, Mark Freid, KD Hall, Michael Gaston, Davis Powell, Lex Scope, Anthony Tackett