



TO: Hyun Kim, Interim City Manager
FROM: Danielle Larson, Tax & License Division Manager, Finance Department
Andy Cherullo, Director, Finance Department
COPY: City Council and City Clerk
SUBJECT: Resolution – Interlocal Agreement with Washington State Employment Security Department to share Unemployment Insurance Data with the City of Tacoma – December 2, 2025
DATE: November 5, 2025

SUMMARY AND PURPOSE:

A resolution authorizing the execution of an interlocal agreement with the Washington State Employment Security Department (ESD) allowing authorized City staff to receive confidential unemployment insurance data in the records of ESD that is collected from employers and individuals for the administration of the state unemployment insurance program for a period to start on the date of contract execution through November 30, 2028.

BACKGROUND:

This Department's Recommendation is Based On: To effectively administer the City's tax and license program, the Tax & License Division relies on several resources to discover business activity in the City and verify the amount of local Business & Occupation tax paid to the City by a business. Being able to access ESD data provides another avenue for discovery of businesses and verification of payroll in the City.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

Residents and businesses benefit from the City having an effective, fair and equitable tax and license program.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility: *(Mandatory)*

The information shared by ESD through the agreement increases the City's effectiveness in administering a fair and equitable tax and license program.

Economy/Workforce: *Equity Index Score:* Moderate Opportunity
Increase positive public perception related to the Tacoma economy.

Livability: *Equity Index Score:* Moderate Opportunity
Increase positive public perception of safety and overall quality of life.

Explain how your legislation will affect the selected indicator(s).

The information shared by ESD through the agreement increases the City's effectiveness in administering a fair and equitable tax and license program, generating additional local tax and license revenues to the general fund.

ALTERNATIVES:

Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Do not enter into agreement.	N/A	Reduces the resources available to the Tax & License



		Division to discover new business activity and verify the amount of business activity reported to the City.
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EVALUATION AND FOLLOW UP:

The data sharing agreement has built in audit requirements and performance and compliance reviews by the City and ESD's Data Sharing Manager.

STAFF/SPONSOR RECOMMENDATION:

Staff recommends the City enter into the three year agreement with the Washington State Employment Security Department as another resource for the Tax & License Division to discover business activity in the City and verify the amount of local Business & Occupation tax paid to the City by a business, increasing the effectiveness of administering the City's tax and license program.

FISCAL IMPACT:

This action does not have a direct fiscal impact, but increasing the effectiveness of the City's tax and license program potentially generates additional tax and license revenues to the general fund.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1. N/A			
TOTAL			

What Funding is being used to support the expense? N/A

Are the expenditures and revenues planned and budgeted in this biennium's current budget?

NO, PLEASE EXPLAIN BELOW

There will be no necessary expenditures required to enter into the data sharing agreement.

Are there financial costs or other impacts of not implementing the legislation?

No

Will the legislation have an ongoing/recurring fiscal impact?

No

Will the legislation change the City's FTE/personnel counts?

No

ATTACHMENTS:

Proposed Interlocal Data Sharing Agreement