

December 1, 2005

The Honorable Christine Gregoire
Governor of the State of Washington
Office of the Governor
P.O. Box 40002
Olympia, WA 98504-0002

**RE: Streamlined Sales Tax (SST) Project – Impact on lands suitable for
warehouse/distribution facilities**

Dear Governor Gregoire:

We understand you recently received a letter from the Washington State Chapter President of the National Association of Industrial and Office Properties (NAIOP). In that letter, concern was expressed that “several cities” are considering the adoption of moratoria on industrially zoned land. We further understand that the cities we represent may be included in the list of “several cities” NAIOP was referring to.

We want to clarify for all concerned that none of the Cities listed below are currently considering or have plans to adopt moratoria on warehouse and distribution uses within our industrially zoned land.

We are in agreement with NAIOP that the local sales tax “sourcing” changes anticipated under the SST project may impact cities in ways not anticipated. We are in agreement that this is an important issue and that early communication is essential. Informal discussions have already begun with members of your administration. In addition, a meeting with principals of NAIOP and a number of cities with industrially zoned land uses has been scheduled for November 21. We are encouraged at the possibility of continued discussions with NAIOP, other business interests, and other government agencies. We know that without these stakeholders, a long-term solution that meets all of our collective interests would be unlikely.

We believe that the SST issue must be addressed first, without interference from the second issue—how a new local sales tax system under SST will impact local land-use decisions and hosting of warehousing and distribution centers.

We appreciate the work of the Governor’s Office and the Department of Revenue in working to find a way to implement SST with a minimum of unanticipated consequences. We are committed to working with you and the legislature towards the implementation of SST.

The Honorable Christine Gregoire

Page 2 of 2

December 1, 2005

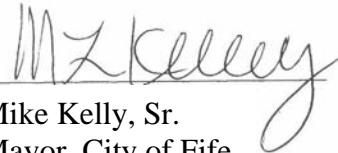
Sincerely,



Joe Scholz
Mayor, City of Algona



Pete Lewis
Mayor, City of Auburn



Mike Kelly, Sr.
Mayor, City of Fife



Jim White
Mayor, City of Kent



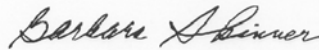
Richard Hildreth
Mayor, City of Pacific



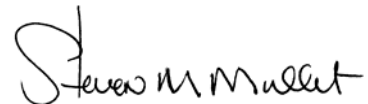
Kathy R. Turner
Mayor, City of Puyallup



Kathy Keolker-Wheeler
Mayor, City of Renton



Barbara Skinner
Mayor, City of Sumner



Steve Mullet
Mayor, City of Tukwila

- c: Bart Brynestad, President, Washington State Chapter NAIOP
Gary Alexander, State Representative
Marty Brown, Office of the Governor
Tom Fitzimmons, Office of the Governor
Frank Chopp, Speaker of the House
Richard DeBolt, State Representative
Bill Finkbeiner, State Senator
Jim McIntire, Chair, House Finance Committee
Scott Merriman, Office of Financial Management
Margarita Prentice, State Senator
Helen Sommers, State Representative
Juli Wilkerson, Department of Community Trade & Economic Development
Cindi Yates, Department of Revenue
Joseph Zarelli, State Senator