

Amendment 24 to CB 119250 (version D2) – For Council - Eliminate Payroll Tax, Reduce EHT Rate to \$275/FTE/year, and Sunset on 12/31/2023

(Bagshaw, González, Harrell, Herbold, Johnson, Juarez, Mosqueda, O'Brien)

On page 4, on line 15, after "Resolution", strike " _____ " and insert "31810".

On page 6, after line 2, amend the following subsection as shown below:

"B. The amount of the tax shall be equal to the employee hours worked within the City during each quarter of the calendar year, multiplied by the rate of (~~(\$0.26042)~~)\$0.14323 per hour worked. The employee hours worked exclude vacation and sick leave hours. If an employee works both within and outside the City, it will be the responsibility of the business to calculate and report the number of hours worked within the City."

On page 6, after line 7, amend the following subsection as shown below:

" C. Alternative Full Time Equivalent (FTE) calculation method. A business may choose to calculate its quarterly employee hours tax based on the number of its FTE employees as follows:

1. Calculation of FTEs. The number of FTE employees for each quarter of the calendar year is (a) the number of a business's full-time employees for the quarter, plus (b) the sum of the hours worked by part-time employees in the quarter divided by 480 hours.

2. Tax. Any fractional FTE remaining after the determination of FTE employees under subsection 5.37.030.C.1 shall be rounded up to the nearest whole number. Once the number of FTE employees is thus determined, that number shall be multiplied by (~~(\$125)~~)\$68.75

to determine the quarterly employee hours tax. Once the FTE alternative method is used, it must be used for all future reporting periods, unless a change is approved by the Director."

On page 7, after line 4, insert a new subsection as shown below:

"G. The employee hours tax imposed by this Section 5.37.030 shall be in effect from January 1, 2019 through December 31, 2023. All employee hours tax obligations under this Chapter 5.37 for 2019 through 2023 will remain in effect and due and payable as scheduled."

On page 8, after line 9, strike everything through line 12 on page 8.

On page 9, after line 4, strike everything through line 23 on page 12 and insert the following:

" Section 2. A new Chapter 5.38 is added to the Seattle Municipal Code and shall be reserved for future use."

On page 13, on line 6, after "(Employee Hours Tax)," strike "5.38 (Business Payroll Tax),".

On page 14, on line 4, after "(Employee Hours Tax)," strike "5.38 (Business Payroll Tax),".

On page 14, on line 14, strike "5.38 (Business Payroll Tax),".

On page 15, on line 1, after "5.37 (Employee Hours Tax)," strike "5.38 (Business Payroll Tax),".

On page 15, on line 15, after "5.37," strike "5.38,".

On page 16, on line 11, after "5.37," strike "5.38,".

On page 16, on line 17, after "5.37," strike "5.38,".

On page 17, on line 2, after "5.37," strike "5.38,".

On page 17, on line 4, after "5.37.", strike "5.38.".

On page 17, on line 13, after "5.37.", strike "5.38.".

On page 17, on line 16, after "5.37.", strike "5.38.".

On page 18, on line 2, after "5.37.", strike "5.38.".

On page 18, on line 5, after "5.37.", strike "5.38.".

On page 19, on line 2, after "5.37.", strike "5.38.".

On page 19, after line 7, a new section to read as follows:

"Section 13. It is expected the City Council will conduct a thorough review of the employee hours tax beginning in 2023 to determine whether or not it should be continued and, if it is to be continued, what the rate of tax should be beginning in 2024. In evaluating the tax, the Council should take into account the estimated impact of the tax on employment and wages within the city, the number of new affordable housing units constructed using revenues from the tax, the number of persons experiencing homelessness in the city, and the impact of the services funded by the tax on persons experiencing homelessness."

Renumber sections and correct any internal references accordingly.

Effect:

This amendment:

1. Inserts the missing number of the spending plan Resolution.
2. Removes all provisions for a Business Payroll Tax.
3. Establishes a sunset date for the Employee Hours Tax of January 1, 2024.
4. Reduces the rate of the Employee Hours Tax from \$500/FTE/year to \$275/FTE/year.
5. Establishes the expectation that the City Council will conduct an assessment of the EHT in 2023, before the sunset of the tax.

It is estimated that the \$275/FTE/year rate will generate approximately \$48 million in the first year.