

Amendment #1
to
CB 119950 - LEG Increase Corporate Payroll Tax ORD
Sponsor: Councilmember Sawant
Payroll Expense Tax Increase

Amend Section 1 to CB 119950 as follows:

Section 1. Section 5.38.030 of the Seattle Municipal Code, enacted by Ordinance 126108, is amended as follows:

5.38.030 Tax imposed—Rate

A. A payroll expense tax is hereby levied upon and shall be collected from every person engaging in business within Seattle.

B. The amount of the payroll expense tax due shall be the payroll expense of the business, subject to any deductions authorized under this Chapter 5.38, multiplied by the following rates:

1. For businesses with payroll expense up to \$99,999,999.99, the rate shall be:

a. ((~~Seven-tenths~~)) ~~0.701~~ 1.06 percent of the payroll expense of employees with annual compensation of \$150,000 to \$399,999.99; and

b. ((~~One and seven-tenths~~)) ~~1.701~~ 2.57 percent of the payroll expense of employees with annual compensation of \$400,000 or more.

2. For businesses with payroll expense of \$100 million to \$999,999,999.99, the rate shall be:

a. ((~~Seven-tenths~~)) ~~0.701~~ 1.06 percent of the payroll expense of employees with annual compensation of \$150,000 to \$399,999.99; and

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b. (~~One and nine tenths~~) ~~1.901~~ 2.87 percent of the payroll expense of employees with annual compensation of \$400,000 or more.

3. For businesses with payroll expense of \$1 billion or greater, the rate shall be:

a. (~~One and four tenths~~) ~~1.401~~ 2.11 percent of the payroll expense of employees with annual compensation of \$150,000 to \$399,999.99; and

b. (~~Two and four tenths~~) ~~2.401~~ 3.62 percent of the payroll expense of employees with annual compensation of \$400,000 or more.

C. The tax imposed by this Chapter 5.38 is levied on businesses. A business may not make any deductions from employees' compensation to pay for this tax.

Effect: This amendment would increase payroll expense tax rates by across all business-size and payroll-expense tiers to generate an additional \$119.3 million of annual payroll expense tax revenue. The new rates across all tiers would be 51% higher than those currently codified in Seattle Municipal Code Section 5.38.030.