

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
Legislative	Aly Pennucci/x4-8137	N/A

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to taxation; increasing the tax rates of the payroll expense tax imposed on persons engaging in business in Seattle; and amending Section 5.38.030 of the Seattle Municipal Code

Summary and background of the Legislation: This legislation increases the rates for all businesses currently subject to the payroll expense tax imposed as provided for in Section 5.38 of the Seattle Municipal Code (SMC) by a fraction of a percent, in nominal terms, across all the rate categories to increase annual revenues from this tax by \$20 million. This results in a ~6.5 percent increase overall across all the rates.

The increased revenue would be used to add \$20 million to the Department of Education and Early Learning (DEEL) to expand educational supports at Seattle Public Schools, prioritizing mental health services including, but not limited to, school-based mental health counselors and culturally specific and responsive programming from community-based organizations (see 2024 Council Budget Action DEEL-001-A).

By passing this legislation the Council states its intent to amend SMC 5.38.055 in 2024 to amend how the proceeds from the JumpStart fund are allocated in the annual budget. This future change to SMC 5.38.055 would allow an ongoing use of JumpStart funds for the uses described above.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ___ Yes **X** No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes **X** No

Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

Yes. If this Council Bill is passed, the City would be able to spend an additional approximately \$20 million on the uses described in the bill summary.

Is there financial cost or other impacts of *not* implementing the legislation?

No.

3.a. Appropriations

This legislation adds, changes, or deletes appropriations.

3.b. Revenues/Reimbursements

This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2023 Revenue	2024 Estimated Revenue
General Fund (10000)	N/A	Payroll Expense Tax	\$0	\$20,000,000
TOTAL	N/A		\$0	\$20,000,000

Is this change one-time or ongoing? Ongoing.

3.c. Positions

This legislation adds, changes, or deletes positions.

4. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department? N/A.
- b. Is a public hearing required for this legislation? No.
- c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant? No.
- d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation? No.
- e. Does this legislation affect a piece of property? No.
- f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged

communities? What is the Language Access plan for any communications to the public? None.

- g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s). N/A**

List attachments/exhibits below: No attachments.