

**Amendment 9 to CB 119250 – Increase Tax Rates to \$1,000/FTE/Year and 1.4% of Payroll**

**(Sawant)**

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)~~)\$0.52084 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 13, 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)~~)\$250 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 10, after line 14, amend the following subsection as shown below:

"B. For each quarter of the calendar year, the amount of the business payroll tax shall be equal to the taxable payroll for all employees of the business for that quarter of the calendar year, multiplied by the rate of ~~((0.7))~~1.4 percent."

**Effect:** This amendment would increase the expected first-year revenue of each tax from approximately \$75 million to approximately \$150 million. It would increase the rate of the hours tax from \$500 per full time equivalent per year to \$1,000 per full time equivalent per year, and it would increase the business payroll tax from 0.7 percent of payroll to 1.4 percent of payroll.