

Amendment 17 to CB 119250 – Eliminate Payroll Tax, Sunset EHT 1/1/2024 (---)

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

"G. The employee hours tax imposed by this Section 5.37.030 shall be in effect ~~((during 2019 and 2020))~~ from January 1, 2019 through December 31, 2023 ~~((and shall no longer be imposed beginning January 1, 2021 when the business payroll tax in Chapter 5.38 becomes effective))~~. All employee hour tax obligations under this Chapter 5.37 for 2019 ~~((and 2020))~~ through 2023 will remain in effect and due and payable as scheduled.

The City Council and Mayor may amend this Section 5.37.040.G to extend the employee hours tax beyond the December 31, 2023 termination date established by this ordinance. Prior to acting to extend the tax, the City Council and Mayor shall assess the progress associated with addressing homelessness and affordable housing with this revenue source, the availability of other resources, and the impact of the tax on the Seattle economy as reported by an independent economist retained by the City Council."

On page 9, after line 4, strike everything through line 22 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 3, after "(Employee Hours Tax)," strike "5.38 (Business Payroll Tax),".

On page 13, on line 23, after "(Employee Hours Tax)," strike "5.38 (Business Payroll Tax),".

On page 14, on line 10, strike "5.38 (Business Payroll Tax),".

On page 14, on line 20, after "5.37 (Employee Hours Tax)," strike "5.38 (Business Payroll

Tax).".

On page 15, on line 11, after "5.37," strike "5.38."

On page 16, on line 8, after "5.37," strike "5.38."

On page 16, on line 14, after "5.37," strike "5.38."

On page 16, on line 21, after "5.37," strike "5.38."

On page 17, on line 1, after "5.37," strike "5.38."

On page 17, on line 11, after "5.37," strike "5.38."

On page 17, on line 14, after "5.37," strike "5.38."

On page 17, on line 21, after "5.37," strike "5.38."

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

On page 18, on line 21, after "5.37," strike "5.38."

Renumber sections and correct any internal references accordingly.

Effect: This amendment:

1. Removes all provisions for a Business Payroll Tax; and
2. Extends the imposition of the Employee Hours Tax by three years (until December 31, 2023) and establishes expectations surrounding the possible continuation of the tax beyond 2023 by the Council.

~~Amendment 18 to CD 119250 - Reducing FTE Rate to \$250/FTE/Year (---)~~

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 ~~(($\$0.26042$))~~ $\$0.13021$ 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 ~~(($\$125$))~~ $\$62.50$ 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."

Effect: This amendment would reduce the rate of the Employee Hours Tax from \$500 per full time employee per year to \$250 per full time employee per year. This would reduce the expected first-year revenue of each tax from approximately \$75 million to approximately \$37.5 million.

Att 1 to Fiscal Note - Proposed Five-Year Spending Plan for Business Tax – Annual Totals
5-10-18

Program/Activity	Program Description	Year 1 Spending	Year 2 Spending	Year 3 Spending	Year 4 Spending	Year 5 Spending	5-year Goal Production/ Numbers Served
Affordable Housing Inventory & Services (30% of funding in Years 1-2, 40% in Years 3-5): Office of Housing							
Rental Housing Production Operating and Services Support	<p>Funds capital construction of units in mixed-income housing projects serving households with incomes at 30%-60% Area Median Income (AMI) and capital construction of Permanent Supportive Housing (PSH) units serving most vulnerable homeless with incomes at 0-30% of AMI. Operating and services support for PSH units produced included below. This assumes no funding from bond proceeds.</p> <p>Funds operating and services support for PSH serving most vulnerable homeless with incomes at 0-30% of AMI.</p> <p>Funds capital for quick to deploy housing strategies, rental subsidies and a Housing Resource Center. (assumed at \$1,500,000/yr)</p>	\$10,920,000	\$11,780,000	\$15,975,600	\$16,287,112	\$16,614,854	~250
Shelter and Services (70% of funding in Years 1-2, 60% in Years 3-5): Human Services Department							
Shelter, Temporary and Emergency	<p>Maintains existing shelter capacity. Continues programs which had one-time funding in the 2018 budget, or insufficient funding.</p> <p>Also funds support new emergency, temporary, and enhanced shelters, navigation centers, tiny houses for unsheltered individuals and households and/or service and safe parking spaces for vehicular living.</p>	\$15,280,000	\$17,000,000	\$15,400,000	\$15,700,000	\$16,000,000	Funds ~1,338 beds or safe spaces for people
Safety in Place	<p>Funds support safety in place services for unsheltered individuals and households, including:</p> <ul style="list-style-type: none"> Continued hygiene services; Continuation of referral services; Additional navigation team; Outreach services; City-wide sanitation and garbage services such as but not limited to Seattle Public Utilities' Clean Cities program. 	\$6,200,000	\$6,300,000	\$4,400,000	\$4,500,000	\$4,600,000	<p>5 hygiene centers</p> <p>1 Additional Navigation Team</p> <p>\$1.9 million for additional garbage services</p>

5-year Goal	Production/ Year 5 Spending	Year 4 Spending	Year 3 Spending	Year 2 Spending	Year 1 Spending	Program Description	Program/Activity
4% increase for all direct service contracts for homelessness	\$2,900,000	\$2,800,000	\$2,700,000	\$2,600,000	\$2,500,000	Funds wage stabilization for City-funded homelessness direct service providers to reduce turnover and vacancies for critical direct service contracts.	Workforce Stability
TBD	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	Funds support public health services, programming involving substance abuse services and/or criminal justice diversion.	Intersecting Needs
N/A	\$600,000	\$600,000	\$600,000	\$600,000	\$2,600,000	Funds estimated initial start-up costs and ongoing costs for collecting new revenue	Start-up and Ongoing Administrative Costs: Finance and Administrative Services
N/A	\$42,214,854	\$41,387,112	\$40,575,600	\$39,780,000	\$39,000,000	TOTAL ANNUAL SPENDING:	

4A

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
Legislative	Traci Ratzliff & Alan Lee/ 4-8153 or 6-9107	Katie Tassery/Wasala Miranda

* 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: A RESOLUTION establishing a spending plan for the proceeds generated from a new business tax to address homelessness and housing affordability authorized by the ordinance introduced as Council Bill 119250.

- 1. Summary and background of the Legislation:** This resolution adopts a spending plan for the \$39 million generated annually from a new business hours tax authorized by the ordinance introduced as Council Bill 119250. The new tax is authorized beginning January 1, 2019. See Attachment 1 to this fiscal note for summary of the programs, services and funding levels.

2. CAPITAL IMPROVEMENT PROGRAM

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

If yes, please fill out the table below and attach a new (if creating a project) or marked-up (if amending) CIP Page to the Council Bill. Please include the spending plan as part of the attached CIP Page. If no, please delete the table.

3. SUMMARY OF FINANCIAL IMPLICATIONS

- a. Does this legislation amend the Adopted Budget?** ___ Yes x No

If there are no changes to appropriations, revenues, or positions, please delete the table below.

- b. 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?**

If so, describe the nature of the impacts. This could include increased operating and maintenance costs, for example.

The new funds that will be collected and the programs that will be funded will not begin until January 1, 2019. Budget impacts will begin with 2019 budget.

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

Estimate the costs to the City of not implementing the legislation, including estimated costs to maintain or expand an existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other potential costs or consequences.

The City is experiencing significant homelessness and affordable housing crises. The proposed funding and programs attempt to provide additional resources to address these problems.

If there are no changes to appropriations, revenues, or positions, please delete sections 3.d., 3.e., and 3.f. and answer the questions in Section 4.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

If so, please list the affected department(s) and the nature of the impact (financial, operational, etc.).

Yes. Human Services Department, Office of Housing, Finance and Administrative Services, Department of Parks and Recreation

b. Is a public hearing required for this legislation?

If yes, what public hearing(s) have been held to date, and/or what public hearing(s) are planned/required in the future?

No

c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

If yes, please describe the measures taken to comply with RCW 64.06.080.

No

d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

For example, legislation related to sale of surplus property, condemnation, or certain capital projects with private partners may require publication of notice. If you aren't sure, please check with your lawyer. If publication of notice is required, describe any steps taken to comply with that requirement.

No

e. Does this legislation affect a piece of property?

If yes, and if a map or other visual representation of the property is not already included as an exhibit or attachment to the legislation itself, then you must include a map and/or other visual representation of the property and its location as an attachment to the fiscal note. Place a note on the map attached to the fiscal note that indicates the map is intended for illustrative or informational purposes only and is not intended to modify anything in the legislation.

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?

If yes, please explain how this legislation may impact vulnerable or historically disadvantaged communities. Using the racial equity toolkit is one way to help determine the legislation's impact on certain communities.

Individuals from vulnerable and historically disadvantaged communities are disproportionately impacted by homelessness. Therefore, any attempts to provide resources to address this problem could help to address this disproportionality.

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).

This answer should highlight measurable outputs and outcomes.

See Attachment 1 for proposed outcomes associated with proposed spending plan.

List attachments/exhibits below:

Attachment 1 – Proposed Five-Year Spending Plan