

Amendment 19 to CB 119250 – Reduce EHT Rate to \$350/FTE/Year (Herbold)

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)~~)\$0.182292 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)~~)\$87.50 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 \$350 per full time employee per year. This would reduce the expected first-year revenue of each tax from approximately \$75 million to approximately \$55 million.