



SEATTLE CITY COUNCIL
CENTRAL STAFF

Payroll Expense Tax Legislative Package

Council Bills 119772, 119773 & 119774

DAN EDER, ALY PENNUCCI, TOM MIKESELL, AND TRACI RATZLIFF

SELECT BUDGET COMMITTEE | JUNE 10, 2020

AGENDA

Issue Identification and Discussion for:

- **Payroll Expense Tax (CB 119772):** Tom Mikesell (*page 2*)
- **Interfund Loan (CB 119773):** Dan Eder (*page 4*)
- **Spending Plan (CB 119774):** Traci Ratzliff & Aly Pennucci (*page 6*)

Payroll Expense Tax Overview

- ❑ Annual Revenue: \$500 million
- ❑ Tax Structure
 - ❑ Rate: 1.3%
 - ❑ Exemptions:
 - ❑ All Business Payrolls Below \$7 million
 - ❑ Specifically Exempted Businesses
- ❑ Effective June 1, 2020

Payroll Tax: Issue ID & Options

- 1. Technical and Clarifying Corrections - *options:***
 - No Action
 - Adopt proposed Amendment 1 (Attachment A)
- 2. Add, Remove or Modify Exemptions- *options:***
 - No Action
 - Adopt proposed Amendment 2 (Attachment B)
 - Adopt proposed Amendment 3 (Attachment C)
 - Adopt both Amendment 2 & 3
- 3. Revise Applicability to Alternate Business Structures- *options:***
 - No Action
 - Adopt proposed Amendment 4 (Attachment D)

Interfund Loan Overview

- Cumulative Loan Amount
- Six Potential Fund Sources
- Minimizing Impacts
- Emergency Clause

Interfund Loan: Issue ID & Options

1. Source Funds - *options:*

- No Action
- Remove the Housing Incentive Fund from the list of source funds.

2. Authorized Source Fund Amounts - *options:*

- No Action
- Increase the Low-Income Housing Fund loan from \$50 million to \$200 million.

3. Cumulative Loan Amount - *options:*

- No Action
- Decrease the amount of the interfund loan (below \$200 million).

Spending Plan Overview

- ❑ **2020:** Authorize \$200 million in 2020 for direct cash assistance
- ❑ **2021 & Beyond:** \$205 million in 2021 for IFL principal and interest. Remaining monies (minus administrative costs) distributed as follows:
 - 75% to social housing investments
 - 25% to implement Green New Deal strategies
- ❑ **Establish Social Housing Oversight Board**
- ❑ **Emergency Clause**

Spending Plan: Issue ID & Options

1. Technical and Clarifying Corrections - *options:*

- No Action
- Adopt proposed Amendment 1 (Attachment A)

2. Emergency Cash Assistance - *options:*

- No Action
- Adopt proposed Amendment 2 (Attachment B)
- Adopt proposed Amendment 3 (Attachment C)

3. Spending Categories - *options:*

- No Action
- Adopt proposed Amendment 4 (Attachment D)
- Amend to include other spending categories

Spending Plan: Issue ID & Options

- 5. Income levels served by Social Housing Investments - *options:***
 - No Action
 - Adopt proposed Amendment 5 (Attachment E)

- 6. Implementation Plan Submittal date and Process for development - *options:***
 - No Action
 - Adopt proposed Amendment 5 (Attachment F)
 - Amend to include an alternate schedule for adoption of an Implementation Plan

Questions?