

Amendment 20
to
CB #119810 – Payroll Expense Tax
Sponsor: Mosqueda and Morales

On line 9 of page 8, amend the following as shown:

5.38.030 Tax imposed—Rate

A. A payroll expense tax is hereby levied upon and shall be collected from every person engaging in business within Seattle.

B. The amount of the payroll expense tax due shall be the payroll expense of the business, subject to any deductions authorized under this Chapter 5.38, multiplied by the following rates:

1. For businesses with payroll expense up to ~~\$1 billion~~ 99,999,999.99, the rate shall be:

a. Seven-tenths percent of the payroll expense of employees with annual compensation of \$150,000 to ~~\$4~~ 399,999.99; and

b. One and ~~four~~ seven-tenths percent of the payroll expense of employees with annual compensation of ~~\$5~~ 400,000 or more.

2. For businesses with payroll expense of \$100 million to \$999,999,999.99, the rate shall be:

a. Seven-tenths percent of the payroll expense of employees with annual compensation of \$150,000 to \$399,999.99; and

b. One and nine-tenths percent of the payroll expense of employees with annual compensation of \$400,000 or more.

Tom Mikesell

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23. For businesses with payroll expense ~~of greater than~~ \$1 billion or greater, the rate shall

be:

a. One and four-tenths percent of the payroll expense of employees with annual compensation of \$150,000 to \$4399,999.99; and

b. Two and ~~one~~four-tenths percent of the payroll expense of employees with annual compensation of \$5400,000 or more.

C. The tax imposed by this Chapter 5.38 is levied on businesses. A business may not make any deductions from employees' compensation to pay for this tax.

Effect: This amendment would modify the compensation and total payroll expense tiers, as follows:

- Adds a middle rate tier of total business payroll expense that includes payrolls from \$100 million to \$999.9 million;
- Revises the compensation tiers such that higher tax rates apply at a \$400,000 compensation amount;
- Within the \$7m to \$99.9 million tiers, the following tax rates would apply:
 - Compensation of \$150,000 to \$399,000: 0.7%
 - Compensation of \$400,000 and above: 1.7%.
- Within the \$100m to \$999.9 million payroll tier, the following tax rates would apply:
 - Compensation of \$150,000 to \$399,000: 0.7%
 - Compensation of \$400,000 and above: 1.9%.
- Within the greater than \$1 billion payroll tier, the following tax rates would apply:
 - Compensation of \$150,000 to \$399,000: 1.4%
 - Compensation of \$400,000 and above: 2.4%.

These changes would increase estimated 2021 revenue to \$214.3 million.