

## Council Bill 121028 – B and O Tax ORD | Summary of Proposed Amendments | 7-30-2025

#	Sponsor	Title	Effect
1	Rinck	Technical correction to standard deduction	This amendment would revise the description of the \$2 million standard deduction. Based on input from the Office of City Finance, this technical change will facilitate taxpayer compliance by clarifying the deduction amount.
2	Kettle	Add whereas clause related to a Seattle Housing Investment Plan	This amendment would add a whereas clause related to the projected budget deficit and a whereas clause related to the Seattle Housing Investment Plan, as requested in the Statement of Legislative Intent OH-001S-A.
3	Kettle	Remove sunset, and potential extension, provisions and replace with revenue neutral structure beginning in 2030	<p>Remove sunset, and potential extension, provisions and replace with revenue neutral structure beginning in 2030. The underlying council bill includes a January 1, 2030 sunset date, after which time all the ordinance's provisions would expire, resetting the business and occupation tax structure to its current state. The ordinance also provides for a future City Council, by way of an ordinance passed no later than July 31, 2029, to extend the sunset date by an additional term of up to four years.</p> <p>This amendment would: remove the sunset date and provision for the sunset extension, making the \$2 million standard deduction, \$2 million small business exemption threshold, and conforming business license fee changes permanent; and would impose new B&amp;O tax rates beginning January 1, 2033 that would be sufficient to fund these structural changes but would not provide net new revenue above current baseline projections.</p> <p>As a result, tax structure changes that shift the burden from lower income payers to higher income taxpayers would remain in place, but rates would be reduced to a level only needed to fund those changes compared to current revenue baselines. This structure would provide, beginning in 2033, approximately \$90 million of lower revenue, plus forecast growth, compared to what the structure in the underlying bill would provide if a future city council authorized the optional one-time four-year extension. "</p>
4	Kettle	Add findings related to budget deficit and use of JumpStart Payroll Expense Tax Fund	This amendment would add findings related to budget deficits in 2026, 2027 and future years, and provide information on current use of JumpStart Payroll Expense Tax Fund revenue.
5	Kettle	Demonstrate fiscal sustainability with new resources	Given the projected \$233 million combined deficit in the General Fund and Payroll Expense Tax Fund beginning in 2027, this amendment would require that the Executive submit with the 2027 Proposed Budget a multi-year financial plan for each fund that shows how this proposal, plus existing resources, new proposed ongoing resources, and proposed ongoing reductions, generate balanced budget projections for both funds through 2029, the same timeframe as the proposed tax. In addition, this amendment would require the financial plans to include 2030, the year after the expiration of the first sunset period, and would call for a collaborative process to sustainably resolve any deficits shown in that year.

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6	Nelson	Add reporting requirements regarding use of net revenue	<p>CB 121028 would require net revenue generated under this ordinance to be used to fund City General Fund investments in the areas of food access, gender based-violence, small business supports, emergency shelter, homelessness prevention and support for worker’s rights and protections. This amendment would require the Executive to report on outcomes associated with use of City GF, including net revenue generated by this ordinance, and the JumpStart Payroll Expense Tax Fund in those five program areas.</p> <p>CB 121028 would also allow up to \$30 million of net revenue to be used to mitigate the impact of federal funding reductions in four categories: housing stability for low-income tenants, food insecurity, financial stability for affordable housing providers and properties and emergency shelters and homelessness. This amendment would require the Executive to report on what programs received new or additional funding and outcomes associated with that funding.</p>
7	Chair Strauss	Tax credit for stevedoring activities	<p>This amendment would create a tax credit for stevedoring, which is generally the activity of loading and unloading ships at port, equal to the amount of eligible income received multiplied by the tax rate increase imposed by CB 121028. The Office of City Finance anticipates additional staffing needs related to the addition of a credit program, which would be determined by way of a future budget request. This credit would expire after tax year 2029.</p> <p>This amendment also adds a recital.</p> <p>The Office of Economic and Revenue Forecasts estimates this credit would reduce annual revenues from the business and occupation tax restructure by approximately \$750,000.</p>
8	Vice Chair Rivera	Tax credit for comprehensive cancer centers	<p>Under Washington RCW 82.04.4265, federally tax-exempt income received by comprehensive cancer centers is exempted from the State’s business and occupation tax (B&amp;O tax). This income is taxable under the City’s B&amp;O tax. This amendment would create a tax credit for eligible comprehensive cancer centers equal to the amount of federally tax-exempt income received by a center multiplied by the tax rate increase imposed by CB 121028. The Office of City Finance anticipates additional staffing needs related to the addition of a credit program, which would be determined by way of a future budget request.</p> <p>Due to disclosure constraints, the potential revenue impact cannot be reported. However, while actual taxpayer data is confidential, Fred Hutchinson Cancer Center independently reports that the restructure would add an additional \$3.3 million to their annual tax bill. While this is self-reported data, it provides a rough estimate of the potential revenue impacts from this amendment.</p>

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9	Vice-Chair Rivera	Tax credit for non-profit pediatric hospital	<p>Seattle’s business and occupations tax (B&amp;O tax) provides limited exemptions for non-profit business activity. As such, most non-profit activity is subject to B&amp;O tax, including non-profit hospitals that primarily benefit children. This income is taxable under the City’s B&amp;O tax. This amendment would create a tax credit for eligible non-profit hospitals that primarily benefit children equal to the amount of income received by the hospital multiplied by the tax rate increase imposed by CB 121028. The Office of City Finance anticipates additional staffing needs related to the addition of a credit program, which would be determined by way of a future budget request.</p> <p>Due to disclosure constraints, the potential revenue impact cannot be reported from City data. However, while actual taxpayer data is confidential, Seattle Children’s Hospital independently reports that the restructure would add an additional \$6 million to their annual tax bill. While this is self-reported data, it provides a rough estimate of the potential revenue impacts from this amendment</p>
10	Vice-Chair Rivera	Add examples of small business supports	CB 121028 would require that net proceeds be used to fund City General Fund investments in the areas of food access, gender based-violence, small business supports, emergency shelter, homelessness prevention and support for worker’s rights and protections. This amendment would provide examples of small business supports, including but not limited to storefront repairs and Business Improvement Areas (BIAs).
11	Vice-Chair Rivera	Add food bank as example of food insecurity program impacted by federal funding reductions	CB 121028 would allow up to \$30 million of net revenue to be used to mitigate the impact of federal funding reductions in four categories: housing stability for low-income tenants, food insecurity, financial stability for affordable housing providers and properties, and emergency shelters and homelessness. This amendment would add food banks as an example of a program in the food insecurity category.
12	Vice-Chair Rivera	Add workforce development and job readiness training as an eligible use of net revenue	CB 121028 would require that net revenue be used to fund City General Fund investments in the areas of food access, gender based-violence, small business supports, emergency shelter, homelessness prevention and support for worker’s rights and protections. This amendment would add workforce development and job readiness training as an eligible use of the net revenue generated by this ordinance. The City currently invests an estimated \$15 million in workforce development programs, which provide training and support to help individuals access high quality job in high demand sectors, across multiple departments. Funding sources include General Fund, JumpStart Payroll Expense Tax Fund, and other sources. For example, the City’s Seattle Youth Employment Program offers job-skill training and internship opportunities to young people between the ages of 16 and 24 who live in income-qualified households. The program will provide internships to 250 youth and young adults in 2025.

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13	Hollingsworth	Add public health as an eligible use	CB 121028 would require that net proceeds be used to fund City General Fund investments in the areas of food access, gender based-violence, small business supports, emergency shelter, homelessness prevention and support for worker's rights and protections. This amendment would add public health as an eligible use of the net revenue generated by this ordinance. The 2026 endorsed budget provides about \$25 million GF into public health, with almost all of those dollars invested through a contract between the Human Services Department and Public Health – Seattle and King County.
14	Hollingsworth	Add arts and culture as an eligible use	CB 121028 would require that net revenue be used to fund City General Fund investments in the areas of food access, gender based-violence, small business supports, emergency shelter, homelessness prevention and support for worker's rights and protections. This amendment would add arts and culture as an eligible use of the net revenue generated by this ordinance. The 2026 endorsed budget has about \$6 million in arts and culture programs funded by the JumpStart Payroll Expense Tax Fund or GF, including \$4.7 million of Participatory Budgeting funds to provide grants to support arts and cultural preservation programs focusing on historically marginalized communities.
15	Hollingsworth	Limit some net revenue to support only existing programs	CB 121028 would establish the allowable uses for the net revenue generated by the restructure of the Business and Occupation Tax (B&O). Allowable uses include supporting City investment in six program areas: food access, gender-based violence, small business support, emergency shelter, homelessness prevention and support for worker's rights and protections. This amendment would limit use of net revenue to existing programs already receiving funding from the JumpStart Payroll Expense Tax Fund or GF in those six areas.
16	Nelson	Add substance abuse disorder treatment as an eligible use and expand conditions of use to include changes to federal policy	<p>CB 121028 would allow up to \$30 million of net revenue to be used to mitigate the impact of federal funding reductions in four categories: housing stability for low-income tenants, food insecurity, financial stability for affordable housing providers and properties and emergency shelters and homelessness. This amendment would add substance abuse treatment disorder (SUD) as an eligible use to this list. It would also expand the condition for use of these funds from mitigation of federal funding reductions to also include mitigation of impacts caused by federal policy changes.</p> <p>Medicaid in the recently passed One Big Beautiful Act Bill provides an example of how federal funding reductions and federal policy changes may impact options for SUD treatment. Under that bill, Medicaid spending is reduced through a combination of new work requirements, increased barriers to enrolling in and renewing Medicaid coverage, and limiting of states' ability to raise the state share of Medicaid revenues through provider taxes. The Congressional Budget Office's (CBO) cost estimate shows that the bill would reduce federal Medicaid spending by \$793 billion and that the Medicaid provisions would increase the number of uninsured people by 7.8 million. As a result, people who previously were able to pay for their SUD treatment through Medicaid may no longer be able to access that option.</p>

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17	Saka	Add transportation projects as an eligible use for net revenue that can be used to offset federal funding reductions	<p>CB 121028 would allow up to \$30 million of net revenue to be used to mitigate the impact of federal funding reductions in four categories: housing stability for low-income tenants, food insecurity, financial stability for affordable housing providers and properties and emergency shelters and homelessness. This amendment would add transportation projects as an eligible use to this list.</p> <p>SDOT's entire 2025 Adopted Budget is \$674.9 million (\$345.4 million operating plus \$329.5 million capital). Federal grants account for \$42.5 million or 6.3% of SDOT's 2025 Adopted Budget. This reflects a one-year perspective. SDOT has approximately \$434 million of awarded direct and indirect multi-year grants that could be at risk of federal policy changes. The \$434 million of SDOT's awarded direct and indirect multi-year federal grants includes the \$42.5 million of federal grants that were included in SDOT's 2025 Adopted Budget, plus additional federal grants that we anticipate will be appropriated in the 2025 carryforward ordinance and not-yet-budgeted CIP funding in 2026, 2027, and beyond.</p>