

Amendment 16 Version # to CB 121028 – B&O Tax Ordinance

Sponsor: Council President Nelson

Add substance abuse disorder treatment as an eligible use and expand conditions of use to include changes to federal policy

Effect: 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.

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.

Amend subsection 5.C.2 of CB 121028 as follows:

Section 5. Subject to and contingent upon approval of the qualified voters of the City:

A. Proceeds of the business and occupation tax will continue to be deposited into the City's General Fund. The increases in business and occupation tax rates authorized in Section 1 of this ordinance shall be dedicated for the uses described in subsections 5.B and 5.C of this ordinance. At least three months prior to the Mayor submitting the annual budget, the Executive shall consult with the City Council on the impact of actual and anticipated revenue reductions and federal funding cuts on the programs identified in subsections 5.B and 5.C of this ordinance to inform how the new revenue generated by this ordinance is to be utilized. The Mayor shall submit to the City Council at the same time the budget is transmitted a written

proposed plan outlining how the new revenue generated by this ordinance is to be utilized in these areas.

B. The proceeds shall be used:

1. For the business and occupation tax threshold lift and deduction for small businesses.

2. To fund City General Fund investments in the following program areas:

- a. Food access;
- b. Gender-based violence;
- c. Small business supports;
- d. Emergency shelter;
- e. Homelessness prevention; and
- f. Support for workers' rights and protections.

C. Up to \$30 million in proceeds may be used:

1. For implementation costs and ongoing administration of the tax.

2. To mitigate the impact of federal funding reductions or federal policy changes in the following program areas:

- a. Housing stability for low-income tenants;
- b. Food insecurity;
- c. ~~Financial stability for affordable housing providers and properties; and~~
- d. Emergency shelters and homelessness ~~;-and~~
- e. Substance abuse disorder treatment.