

**Amendment 5 Version 1 to CB 121028 - B&O Tax ORD**

**Sponsor:** Councilmember Kettle

Demonstrate fiscal sustainability with new resources

**Effect:** 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.

Add a new Section 7 to CB 121028 as follows, renumber subsequent sections and section references as appropriate:

Section 7. Fiscal sustainability

A. Revenue generated from the business and occupations tax is deposited into the General Fund, which also relies on a large ongoing transfer from the JumpStart Payroll Expense Tax Fund. Contingent upon the Mayor's 2027 Proposed Budget including new revenue generated by this ordinance, that budget proposal shall include balanced financial plans for the City's General Fund and JumpStart Payroll Expense Tax Fund, in the form and format prescribed in the Fiscal Transparency Program, subsection 3.140.060.B of the Seattle Municipal Code as added by Ordinance 126962. In addition to the requirements in subsection 3.140.060.B, both plans shall:

1. Clearly demonstrate how the new resources generated by this business and occupation tax restructure, plus existing and newly proposed resources, are

managed to generate zero or positive projections of unreserved fund balance for both the General Fund and JumpStart Payroll Expense Tax Fund in 2027 and all future years when the tax is in effect. To the extent that spending reductions are needed to achieve zero or positive fund balance, the financial plans shall show which of the following spending categories is to be reduced and by how much. Anticipated spending increases shall be documented in the financial plan in the same manner.

General Fund spending categories: Administration; Arts, Culture, and Recreation; Education and Human Services; Livable and Inclusive Communities; Public Safety; Utilities, Transportation, and Environment.

JumpStart Payroll Expense Tax Fund categories: Affordable Housing, the Green New Deal, Economic Development, Equitable Development Initiative; and Youth Mental Health.

2. Rely on reasonable, transparent and publicly available assumptions that are transmitted with the plans.
3. Include revenue, expenditure and reserve projections for 2027, 2028, 2029, and 2030.
4. Include a discrete line to show in each year the transfer from the JumpStart Payroll Expense Tax Fund to the General Fund.

B. If either or both financial plans submitted under subsection 7.A of this ordinance show a negative unreserved fund balance in 2030, the Mayor and City Council shall engage in a process to review ongoing spending and revenues in support of developing budget actions that can be implemented in the 2030 Budget to resolve those shortfalls.