Ben Noble
Special Budget Committee
11.19.2024
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Amendment 2 Version 1 to CB 120912 Payroll Expense Tax 2024 Modifications

Sponsor: CM Morales

Co-Sponsors: CM Moore and CM Saka

Limit use of JumpStart for the General Fund and increase funding for JumpStart priorities

Effect: This amendment would establish the following spending priorities for JumpStart proceeds in 2027 and beyond:

- 20% for General Fund
- Required contributions to the Revenue Stabilization Account
- Remaining proceeds allocated to the current JumpStart priorities, including Student Mental Health and Youth Violence Prevention

The General Fund financial plan currently projects a General Fund deficit of approximately $100 million, after a transfer of $233 million from the JumpStart Fund. This amendment would limit that transfer to ~$97 million, increasing funding available for JumpStart priorities by as much as $136 million, to a total of ~$386 million. By implication, this amendment would also increase the projected General Fund deficit by $136 million.

Amendment: Section 1 of CB 120912 would be amended as follows:

5.38.055 Payroll expense tax—Allocation of proceeds

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B. ~~The~~ For the 2025 and 2026 budget, the following percentage amounts shall guide, but not constrain, the total combined funding allocated each year to Administration, Affordable Housing and Associated Services, the Equitable Development Initiative, Economic Development and Revitalization, and Investments in the City's Green New Deal program:

1. Administration – up to five percent;

2. Affordable Housing and Associated Services – 62 percent;

3. The Equitable Development Initiative – nine percent;

4. Economic Development and Revitalization – 15 percent; and

5. Investments in the City's Green New Deal Program – nine percent.

C. ~~Allocations~~ For the 2025 and 2026 budget, allocations of payroll expense tax proceeds to programs and services supported by the City's General Fund shall be limited to the amount needed to sustain critical services and attend to emerging needs that cannot otherwise be sufficiently addressed with General Fund resources.

D. For the 2027 budget and subsequent budgets, payroll expense tax proceeds shall be allocated as follows:

1. Programs and services supported by the City's General Fund – 20 percent;

2. Investments in youth mental health early intervention and treatment, youth safety in and around schools, and access to youth enrichment programs known to prevent adverse mental health outcomes – $20 million;

3. Contributions to the Payroll Expense Tax Revenue Stabilization Account consistent with Section 5.38.105;

4. Remaining tax proceeds allocated for the other allowable uses identified in subsection 5.38.055.A and apportioned among them as follows:

Administration – up to five percent;

Affordable Housing and Associated Services – 62 percent;

The Equitable Development Initiative – nine percent;

Economic Development and Revitalization – 15 percent; and

Investments in the City's Green New Deal Program – nine percent.

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~~D~~E. When payroll expense tax proceeds decline or fall short of forecast, consideration shall be given to increasing General Fund support to programs and services that would otherwise rely upon funding from payroll expense tax proceeds.