

2018 Seattle City Council Green Sheet

Ready for Notebook

Tab	Action	Option	Version
335	1	A	1

Budget Action Title: Pass CB xxxxxx establishing an Employee Hours Tax of \$100/FTE on firms with gross income over \$5M/yr, pass CB yyyyyy and CB zzzzzz authorizing interfund loans, and create a new CIP project.

Ongoing: Yes

Has CIP Amendment: Yes Has Budget Proviso: No

Primary Sponsor: O'Brien, Mike

Councilmembers: Harris-Talley; Sawant

Staff Analyst: Tony Kilduff

Council Bill or Resolution: CB XX; CB YY

Date		Total	SB	KH	LG	BH	LH	RJ	DJ	MO	KS
	Yes										
	No										
	Abstain										
	Absent										

Summary of Dollar Effect

See the following pages for detailed technical information

	2017 Increase (Decrease)	2018 Increase (Decrease)
General Subfund		
General Subfund Revenues	\$0	\$0
General Subfund Expenditures	\$0	\$0
Net Balance Effect	\$0	\$0
Other Funds		
Finance and Administrative Services Fund (50300)		
Revenues	\$0	\$0
Expenditures	\$0	\$1,500,000
Net Balance Effect	\$0	(\$1,500,000)
Information Technology Fund (50410)		
Revenues	\$0	\$1,500,000
Expenditures	\$0	\$1,500,000
Net Balance Effect	\$0	\$0

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Total Budget Balance Effect	\$0	(\$1,500,000)
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Budget Action description:

This green sheet would:

- Pass Council Bill XX, Attachment A, establishing an Employee Hours Tax at \$100 per full-time equivalent employee, defined as someone working at least 1,920 hours per year. Only businesses with taxable gross receipts of more than \$5 million per year are subject to the tax;
- Pass Council Bill YY, Attachment B, authorizing an interfund loan of \$1.5 million from the General Subfund Fund (00100) to the Department of Finance and Administrative Services (FAS), Fund (50300), increasing FAS' beginning fund balance, to stand up the necessary computer software systems to collect the tax;
- Pass Council ZZ (attachment to follow) authorizing an interfund loan of \$9 million from the General Subfund Fund to the Office of Housing Fund (16600), increasing the starting 2018 fund balance of the Office to support its efforts to combat homelessness; and
- Create a new CIP project (Project ID D601TCFA) in the Seattle Information Technology Department (ITD) for the IT systems, Attachment C.

The proposal requires businesses with taxable gross receipts above \$5 million (about 10% of Seattle businesses) to pay \$100 per FTE per year, or \$0.052083 per hour worked. The tax is expected to generate approximately \$25 million; the intent is that the revenue will be dedicated to addressing housing and homelessness needs, including support for:

- mass entry shelters;
- expansion of the Law Enforcement Assistance Diversion (LEAD) program;
- creation of vehicle safe zones; and
- investments in new rent- and income-restricted housing units and rental assistance through the Office of Housing.

The tax would go into effect January 1, 2019 to allow time for FAS and ITD time to stand up the systems and processes needed to administer the tax.

Beginning in 2019, FAS expects to need approximately \$500,000 in GSF support and an unknown number of new positions to administer the tax; but those budget resources will not need to be fully evaluated or acted upon until the 2019 budget.

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Budget Action Transactions

Budget Action Title: Pass CB xxxxxx establishing an Employee Hours Tax of \$100/FTE on firms with gross income over \$5M/yr, pass CB yyyyyy and CB zzzzzz authorizing interfund loans, and create a new CIP project.

#	Transaction Description	Position Title	Number of Positions	FTE	Dept	BCL or Revenue Source	Summit Code	Fund	Year	Revenue Amount	Expenditure Amount
1	Use FAS fund balance to pay ITD for the systems to collect the EHT				FAS	Use of (Contribution to) Fund Balance - FAS Operating Fund	379100	50300	2018	\$1,500,000	
2	Increase appropriation in FAS to pay for the systems to collect the EHT				FAS	City Finance Division	A4510	50300	2018		\$1,500,000
3	Increase ITD revenue for systems to collect the EHT				ITD	Rates (GF Depts)	541810	50410	2018	\$1,500,000	
4	Increase appropriation in ITD to set up the systems to collect the EHT				ITD	Capital Improvement Projects	C7000	50410	2018		\$1,500,000