

Amendment B
To
Amendment 20
CB #119810 – Payroll Expense Tax
Sponsor: Sawant

5.38.030 Tax imposed—Rate

A. A payroll expense tax is hereby levied upon and shall be collected from every person engaging in business within Seattle.

B. The amount of the payroll expense tax due shall be the payroll expense of the business, subject to any deductions authorized under this Chapter 5.38, multiplied by the following rates:

1. For businesses with payroll expense up to ~~\$1 billion~~99,999,999.99, the rate shall be:

a. ~~Seven tenths~~0.87 percent of the payroll expense of employees with annual compensation of \$150,000 to ~~\$4399,999.99~~;

b. ~~One and four seven tenths~~2.11 percent of the payroll expense of employees with annual compensation of ~~\$5400,000~~ or more.

2. For businesses with payroll expense of \$100 million to \$999,999,999.99, the rate shall be:

a. ~~Seven tenths~~0.87 percent of the payroll expense of employees with annual compensation of \$150,000 to \$399,999.99; and

b. ~~One and nine tenths~~2.36 percent of the payroll expense of employees with annual compensation of \$400,000 or more.

Tom Mikesell

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Version: 1

23. For businesses with payroll expense ~~of greater than~~ \$1 billion or greater, the rate shall

be:

- a. ~~One and four tenths~~ 1.74 percent of the payroll expense of employees with annual compensation of \$150,000 to \$~~4399,999.99~~; and
- b. ~~Two and one four tenths~~ 2.98 percent of the payroll expense of employees with annual compensation of \$~~5400,000~~ or more.

C. The tax imposed by this Chapter 5.38 is levied on businesses. A business may not make any deductions from employees' compensation to pay for this tax.

Effect: Relative to Amendment 20, the B alternate would increase rates in all payroll and compensation tier to generate an estimated additional \$50 million annually.

The new rates would be as follows:

- Within the \$7m to \$99.9 million tiers, the following tax rates would apply:
 - Compensation of \$150,000 to \$399,000: 0.87%
 - Compensation of \$400,000 and above: 2.11%.
- Within the \$100m to \$999.9 million payroll tier, the following tax rates would apply:
 - Compensation of \$150,000 to \$399,000: 0.87%
 - Compensation of \$400,000 and above: 2.36%.
- Within the greater than \$1 billion payroll tier, the following tax rates would apply:
 - Compensation of \$150,000 to \$399,000: 1.74%
 - Compensation of \$400,000 and above: 2.98%.

The newly generated revenues are associated with an amendment to CB119811, to build 1,000+ homes in the Central District for people 0 - 80% AMI.