

2021 Seattle City Council Budget Action

Council Budget Action: Agenda

Tab	Action	Option	Version
BLG	043	A	001

Budget Action Title: Amend and pass as amended CB 119950, increasing the payroll tax, add \$5.8M General Fund to SPL, add \$41M General Fund to SPR, add \$46.9M GF to OH, and add \$93.6M GF to SDOT

Ongoing: Yes Has Budget Proviso: No

Has CIP Amendment: No Has Attachment: Yes

Primary Sponsor: Kshama Sawant

Council Members:

Staff Analyst: Dan Eder

Council Bill or Resolution: CB 119950

Date		Total	LH	TM	KS	AP	DJ	DS	AL	BC	LG
	Yes	0									
	No	0									
	Abstain	0									
	Absent	0									

Budget Action Description:

This Council Budget Action (CBA) amends and recommends passing as amended CB 119950 that would increase the tax rates of the big business payroll tax. The increased payroll tax revenues would be used to backfill the funding cut in the 2021 Proposed Budget from the Seattle Public Libraries (SPL), Department of Parks and Recreation (DPR), Office of Housing (OH), and the Seattle Department of Transportation (SDOT). Specifically, this CBA would add \$5.8 million GF to SPL, \$41 million GF to DPR, \$46.8 million to OH, and \$93.6 million to SDOT.

A. Payroll Tax

This budget action increases GF revenues by \$187.2 million by amending and passing as amended CB 119950 as shown in Attachment A to increase the tax rates of the big business payroll taxes and as summarized below:

Payroll \$7 million - \$100 million | Payroll \$150k - \$400k:
New rate would be 1.312% (0.7% in current law plus 0.612%)

Payroll \$7 million - \$100 million | Payroll over \$400k
New rate would be 3.187% (1.7% in current law plus 1.487%)

Payroll \$100 million - \$1 billion | Payroll \$150k - \$400k
New rate would be 1.312% (0.7% in current law plus 0.612%)

Payroll \$100 million - \$1 billion | Payroll over \$400k

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New rate would be 3.562% (1.9% in current law plus 1.662%)

Payroll over \$1 billion | Payroll \$150k - \$400k
New rate would be 2.625% (1.4% in current law plus 1.225%)

Payroll over \$1 billion | Payroll over \$400k
New rate would be 4.499% (2.4% in current law plus 2.099%)

B. Spending

This budget action increases GF spending by \$187.2 million as summarized below:

SPL (\$5.8 million) - This budget action eliminates all austerity in the Seattle Public Libraries (SPL) in 2021 by allocating an additional \$5.8 million GF to SPL. It is the intention of this budget amendment to restore funding to all parts of the SPL budget that have been cut, including those planned expansions that have been delayed.

SPR (\$41 million) - This budget action is intended to eliminate all austerity in Seattle Parks and Recreation (SPR) in 2021 by allocating an additional \$41 million GF to SPR. It is the intention of this budget amendment to restore funding to all parts of the SPR budget that have been cut including the deferral of maintenance and other capital expenditures. CBO's introduction to the budget calculated this austerity to be \$41 million.

OH (\$46.8 million) - This budget action is intended to eliminate all austerity in the Seattle Office of Housing (OH) in 2021 by allocating an additional \$46.8 million GF to OH. OH was allocated \$131 million in the 2020 adopted budget and \$82 million in 2021, reducing investment in housing by \$49 million. Other CBAs in the Seattle City Select Budget Committee Balancing Package restore \$2.2 million to OH's budget, leaving \$46.8 million needed to be backfilled.

SDOT (\$93.6 million) - This budget action is intended to eliminate all austerity in the Seattle Department of Transportation (SDOT) in 2021 by allocating an additional \$93.6 million GF to SDOT. The Mayor's proposed 2021 budget allocates \$608 million to SDOT for 2021, \$131 million less than the \$739 allocated in 2020. Additionally, \$15 million in added costs were transferred into SDOT from the SPD in 2021 for Parking Enforcement creating a net reduction in SDOT's funding of \$146 million. Other CBAs including the CBA allocating new STBD funding backfill \$52.4 million, leaving \$93.6 million needed to be backfilled.