Rejected

Tab	Action	Option	Version
334	1	A	1

Budget Action Title: Pass CB 118865 establishing a business regulatory fee to generate $4 million to fund the Office of Labor Standards, increase GSF revenue and add GSF support to FAS to implement the fee.

Ongoing: Yes

Has CIP Amendment: No   Has Budget Proviso: No

Primary Sponsor: Herbold, Lisa

Councilmembers: González; O'Brien; Sawant

Staff Analyst: Tony Kilduff

Council Bill or Resolution: CB 118865

Budget Committee Vote:

Date	Result	SB	TB	LG	BH	LH	RJ	DJ	MO	KS
11/16/2016	Fail 4- 5	N	N	Y	N	Y	N	N	Y	Y

Summary of Dollar Effect
See the following pages for detailed technical information

	2017 Increase (Decrease)	*2018 Increase (Decrease)*
General Subfund		
General Subfund Revenues	*$0*	*$4,000,000*
General Subfund Expenditures	*$0*	*$1,000,000*
Net Balance Effect	*$0*	*$3,000,000*
Other Funds		
Finance and Administrative Services Fund (50300)		
Revenues	*$0*	*$1,000,000*
Expenditures	*$0*	*$1,000,000*
Net Balance Effect	*$0*	*$0*
Total Budget Balance Effect	*$0*	*$3,000,000*

Budget Action description:

This green sheet would pass C.B. 118865 establishing a new business regulatory fee under Title 6 of the SMC to generate $4 million in 2018 to support the Office of Labor Standards ($3.3 million per annum thereafter), and recognizes a $4 million increase in GSF revenue in 2018 from the collection of the fee. This green sheet also adds two FTEs and funding to FAS to implement and collect the fee.

The Mayor's Proposed Budget fully funds OLS with GSF revenues. Under this proposal, OLS would instead be funded by a special-purpose fee levied on businesses in Seattle. The fee would be set by tier based on the number of employees for each business, and would be set to raise $4 million in 2018, $3 million of which would support OLS and $1 million of which would support new systems in FAS to administer the fee. $750,000 of the later is a one-time cost.

Table 1 shows the tier structure established by the legislation and the size of the fee for businesses in each tier. It is based on 2014 data.

Table 1: Fee per Business Based on Tier

Number of Employees	Number of Businesses	Number of Employees	Fee Per Tier	Revenue Generated
<10			$26	$511,621
	19,696	55,157		
10-25			$146	$440,968
	3,022	47,540		
26-50			$322	$410,145
	1,272	44,217		
51-100			$650	$454,130
	699	48,959		
101-200			$1,299	$472,886
	364	50,981		
201-250			$2,065	$132,151
	64	14,247		
251-500			$3,130	$438,260
	140	47,248		
501-1000			$6,286	$389,757
	62	42,019		
1001-2500			$12,913	$271,176
	21	29,235		
2500+			$68,415	$478,906
	7	51,630		
		Total Revenue		**$4,000,000**

Budget Action Transactions

Budget Action Title: Pass CB 118865 establishing a business regulatory fee to generate $4 million to fund the Office of Labor Standards, increase GSF revenue and add GSF support to FAS to implement the fee.

#	Transaction Description	Position Title	Number of Positions	FTE	Dept	BCL or Revenue Source	Summit Code	Fund	Year	Revenue Amount	Expenditure Amount
1	Increase GSF revenue from Business Regulation Fee				GSF	OLS Labor Standards Fee	448801	00100	2018	$4,000,000	
2	Increase GSF support to FAS to implement the Business Regulation Fee				FG	Finance and Administrative Services Fund	QA001004	00100	2018		$1,000,000
3	Increase revenue to FAS to implement the Business Regulation Fee				FAS	Consumer Protection	587001	50300	2018	$1,000,000	
4	Increase appropriation and add staff to implement the Business Regulation Fee	Tax Auditor - FT	1	1	FAS	Regulatory Compliance and Consumer Protection	A4530	50300	2018		$1,000,000
5	Add staff to implement the Business Regulation Fee	Cust Svc Rep,Sr - FT	1	1	FAS	Regulatory Compliance and Consumer Protection	A4530	50300	2018		$0