

Attachment A

2018 Seattle City Council Statement of Legislative Intent

Ready for Notebook

Tab	Action	Option	Version
335	2	B	1

Budget Action Title: Requesting that the Executive work with the Council to convene a stakeholder process to explore refinements and improvements to the Employee Hours Tax

Ongoing: Yes

Primary Sponsor: Herbold, Lisa

Councilmembers:

Staff Analyst: Tony Kilduff

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

Statement of Legislative Intent:

This budget action requests that the Executive work cooperatively with the Council to develop and participate in a community-led stakeholder engagement process around the establishment of an Employee Hours Tax (EHT) and/or other revenue source, that is similar to the engagement process that led to the establishment of the \$15 minimum wage. The outcome of the engagement process would be a broadly supported recommendation for an on-going revenue source that the City could collect beginning in 2019, with the understanding that such ongoing revenue would be used to address the affordability and homelessness crisis in Seattle and the displacement of low income residents. The process should also establish a nexus between the tax or revenue source and the needs of employers, employees, and residents, such as transportation, public safety, education and investments that increase the vibrancy and livability of the community.

The engagement process should include housing advocates, large and small businesses that might be subject to the tax, labor advocates, community leaders representing the interests of the homeless, and others as appropriate. The Executive should provide a report to the Council that outlines the stakeholder process to be used in 2018 and identifies ranges of proposed tax levels and thresholds defining which employers are covered (i.e., size of employer, revenue amounts or income thresholds, number of employees, etc.) and business exemptions if any (such as the Marijuana industry). The engagement process should provide recommendations in time to inform the collection of a tax in January 2019 and the Mayor's 2019-2020 Proposed Budget the Council's budget deliberations in fall 2018, and note any changes to the funding level adopted by the Council in 2018.

During the stakeholder process, the Executive should specifically develop a mechanism by which voluntary one-time financial support in 2018 or 2019 can be sought from some of Seattle's most successful businesses

to address the problem of homelessness and housing affordability while long-term, ongoing funding sources are identified to address this chronic situation.

The Executive should work with the Ethics and Elections Commissions to ensure that monies collected and distributed pursuant to this effort are done in compliance with all local, state and federal regulations and requirements.

Responsible Council Committee(s): Civil Rights, Utilities, Economic Development and Arts Committee

Date Due to Council: June 29, 2018

Attachment B



SEATTLE CITY COUNCIL

Legislative Summary

Res 31782

Record No.: Res 31782

Type: Resolution (Res)

Status: Adopted

Version: 2

Ord. no:

In Control: City Clerk

File Created: 11/20/2017

Final Action: 11/20/2017

Title: A RESOLUTION establishing a process by which the City of Seattle will determine new progressive revenues including an Employee Hours Tax, expressing the City Council's intent to impose such potential revenues, and expressing the City Council's intent to make investments with these revenues that would assist people who are homeless or at a high risk of becoming homeless in obtaining and retaining stable housing

Date

Notes:

Filed with City Clerk:

Mayor's Signature:

Sponsors: González ,O'Brien

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments:

Drafter: Emilia.Sanchez@seattle.gov

Filing Requirements/Dept Action:

History of Legislative File

Legal Notice Published: Yes No

Version:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	City Clerk	11/20/2017	sent for review	Council President's Office			
	Action Text: The Resolution (Res) was sent for review. to the Council President's Office						
	Notes:						
1	Council President's Office	11/20/2017	sent for review	Full Council			
	Action Text: The Resolution (Res) was sent for review. to the Full Council						
	Notes:						
1	Full Council	11/20/2017	referred	Full Council			
	Action Text: The Resolution (Res) was referred. to the Full Council						
	Notes:						
1	Full Council	11/20/2017	adopted as amended				Pass

Action Text: The Motion carried, the Resolution (Res) was adopted as amended by the following vote, and the President signed the Resolution.

Notes: ACTION 1:

Motion was made and duly seconded to pass Resolution 31782.

ACTION 2:

Motion was made by Councilmember Harris-Talley, duly seconded and carried, to amend Resolution 31782, by amending the third recital as shown in the underlined and strike through language below:

WHEREAS, all sectors of our society must work together to address and resolve the civil emergency related to homelessness, and to ensure that there are sufficient resources to ~~make~~realize Seattle's and King County's commitment to making sure that no person experiences homelessness, that if one does, it is rare, brief and only a one-time occurrence; and that racial disparities are eliminated. This collaborative effort requires the active engagement of interested and affected stakeholders, including non-profit organizations, affordable housing providers, faith and civic leaders, businesses, labor, and community members;

ACTION 3:

Motion was made by Councilmember Harris-Talley, duly seconded and carried, to amend Resolution 31782, Section 1, by adding a last sentence, entitled "The co-chairs should include one to two Councilmembers and one to two community members."

ACTION 4:

Motion was made by Councilmember Bagshaw, duly seconded and carried, to amend Resolution 31782, Section 6, as shown in the strike-through and underlined language below:

Section 6. It is the Seattle City Council's intent to take final legislative action imposing an EHT and/or other progressive taxes by March 26, 2018 or early enough to ensure that ~~EHT revenues~~ such taxes can be imposed as of January 1, 2019. The Seattle City Council intends to begin consideration of progressive revenue sources immediately upon receiving the taskforce advisory report. With input by the Council and the Mayor, the Chair of the Finance Committee, or its successor, shall also create a work plan to implement other relevant recommendations from the stakeholder group by March 26, 2018. In the event that the taskforce advisory report has not been transmitted by February 26, 2018, the Seattle City Council intends to begin consideration of an ordinance to impose an EHT and/or other progressive taxes no later than March 2018.

The Motion carried by the following vote:

In favor: 5 - Bagshaw, González, Harrell, Johnson, Juarez
Opposed: 4 - Harris-Talley, Herbold, O'Brien, Sawant

ACTION 5:

Motion was made and duly seconded to adopt Resolution 31782 as amended.

In Favor: 9 Councilmember Bagshaw, Councilmember González , Council
President Harrell, Councilmember Harris-Talley, Councilmember
Herbold, Councilmember Johnson, Councilmember Juarez,
Councilmember O'Brien, Councilmember Sawant

Opposed: 0

2 City Clerk 11/20/2017 attested by City Clerk
Action Text: The Resolution (Res) was attested by City Clerk.
Notes:

CITY OF SEATTLE

RESOLUTION 31782

A RESOLUTION establishing a process by which the City of Seattle will determine new progressive revenues including an Employee Hours Tax, expressing the City Council's intent to impose such potential revenues, and expressing the City Council's intent to make investments with these revenues that would assist people who are homeless or at a high risk of becoming homeless in obtaining and retaining stable housing

WHEREAS, Seattle is a city of great prosperity that has experienced tremendous growth of its economy and population; however, this growth and prosperity has directly contributed to the rapid increase in the number of individuals and families experiencing homelessness; and

WHEREAS, a national study published in the *Journal of Urban Affairs* established the correlation between increasing rent and homelessness. Some of the report findings include: (1) Washington is the tenth most expensive state for renters; (2) the high cost of rental housing is driving increases in homelessness; and, (3) an increase of \$100 in median rent for an area results in a 15 percent (metro areas) and a 39 percent (nearby suburbs and rural areas) increase in homelessness; and

WHEREAS, the U.S. Internal Revenue Service defines "a progressive tax takes a larger percentage of income from high-income groups than from low-income groups and is based on the concept of ability to pay; and

WHEREAS, the *Seattle Times* recently wrote that "Seattle rents have soared 65 percent since 2010. The typical Seattle renter now pays about \$21,900 for rent over the course of a

1 year, up from \$13,200 at the start of the decade.”¹ That same article also highlighted that
2 the average two-bedroom apartment in Seattle costs \$2,000 a month for the first time in
3 Seattle’s history and that “rents across the Puget Sound region are still rising faster than
4 the historical norm, and the market remains hotter than most other U.S. cities;” and

5 WHEREAS, according to the 2017 Seattle/King County Point-In-Time Count, there are at least
6 3,857 individuals living unsheltered in Seattle, in addition to at least 4,665 more
7 individuals who are experiencing homelessness but are sheltered, for a total of no fewer
8 than 8,522 individuals in our city who are experiencing homelessness on any given night;
9 and

10 WHEREAS, on November 2, 2015, the Mayor of Seattle issued a Proclamation of Civil
11 Emergency related to homelessness; on November 3, 2015 the City Council adopted
12 Resolution 31630 ratifying and confirming the Mayoral Proclamation of Civil
13 Emergency; and the civil emergency remains in effect. More than two years later, the
14 City has not received additional support from Washington State or the federal
15 government, and there are now roughly 38 percent more Seattle residents who are
16 homeless and living unsheltered than just two years ago; and

17 WHEREAS, according to the Housing Development Consortium, Seattle households with
18 between zero and 30 percent of Area Median Income (AMI) had a “housing gap” of
19 17,161 units in 2016, and this “housing gap” is projected to grow to 27,481 units by
20 2030; and

¹ See “Seattle rent hikes slow amid apartment boom, but average two-bedroom tops \$2,000” (published 9/25/17), https://www.seattletimes.com/business/real-estate/seattle-rent-hikes-slow-amid-apartment-boom-but-average-two-bedroom-tops-2000/?utm_source=email&utm_medium=email&utm_campaign=article_left_1.1.

1 WHEREAS, the City's Housing Affordability and Livability Agenda is projected to create
2 approximately 6,000 new housing units affordable to households with between zero to 30
3 percent AMI over the next ten years, which will still leave a severe shortage of housing
4 for low-income residents who are either currently unhoused or at risk of becoming
5 unhoused; and

6 WHEREAS, The City of Seattle (City) and the non-profit sector cannot address the twin crises of
7 homelessness and lack of affordable housing on their own. In addition, existing resources
8 at the City's disposal - including state, county, federal, and private resources - have been
9 inadequate despite the best efforts of many individuals and publicly- and privately-
10 managed programs; and

11 WHEREAS, all sectors of our society must work together to address and resolve the civil
12 emergency related to homelessness, and to ensure that there are sufficient resources to
13 realize Seattle's and King County's commitment to making sure that no person
14 experiences homelessness, that if one does, it is rare, brief and only a one-time
15 occurrence, and that racial disparities are eliminated. This collaborative effort requires
16 the active engagement of interested and affected stakeholders, including non-profit
17 organizations, affordable housing providers, faith and civic leaders, businesses, labor, and
18 community members; NOW, THEREFORE,

19 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE THAT:**

20 Section 1. By December 11, 2017, the Seattle City Council, with input by the Mayor of
21 Seattle, shall identify individuals to serve as members on an ad hoc taskforce. The taskforce shall
22 develop recommendations to the Council that will (a) explore potential new progressive revenue
23 sources, including an Employee Hours Tax (EHT) and (b) identify investments to be paid for

1 using those progressive revenue sources that would assist people who are homeless or at high
2 risk of becoming homeless in obtaining and retaining stable housing. The taskforce should
3 include members such as subject matter experts on housing, health care, and homelessness;
4 service providers; civic leaders; labor representatives; individuals who have experienced or are
5 currently experiencing homelessness; business organizations; economic equity experts;
6 community organizations; community coalitions; community leaders; and small and large
7 business owners. The Council shall select members and co-chairs of the taskforce with input
8 from the Mayor through a future separate resolution no later than December 11, 2017. The co-
9 chairs should include one to two Councilmembers and one to two community members.

10 Section 2. The taskforce shall be convened with the goal of developing recommendations
11 to the Council for (a) one or more dedicated progressive revenue sources and (b) a proposal for
12 investments related to those progressive revenue sources that would assist people, who are
13 homeless or at high-risk of experiencing homelessness, in obtaining and retaining stable housing
14 (see Section 4 below). The taskforce is requested to provide the Chair of the Finance Committee,
15 or its successor committee, with the final taskforce report(s) of recommendations no later than
16 February 26, 2018.

17 Section 3. The identified revenue source(s) should not regressively burden low- and
18 middle-income people (such as a sales tax), but instead require those benefiting from Seattle's
19 economic growth to contribute to addressing Seattle's affordable housing and homelessness
20 crises. The taskforce may decide to evaluate a range of progressive revenue sources but should
21 prioritize revenue sources that can be enacted solely with Council action.

22 Section 4. The members of the taskforce should take the following into consideration as
23 they develop and finalize their workplan and advisory report(s):

1 A. Evaluating an EHT and determining appropriate tax rates and possible exemption
2 levels that are expected to yield between \$25 million and \$75 million in revenue per year;

3 B. Identifying and evaluating additional progressive revenue sources for the Council's
4 consideration;

5 C. Proposing investments supported by the progressive revenues that help address the
6 need for additional investments in homeless services, including immediate shelter and outreach,
7 and income-restricted affordable housing units, that are consistent with the following principles:

8 1. Expanding funding for program approaches and housing investments that are
9 most effective at assisting people, who are homeless or at high-risk of becoming homeless, in
10 obtaining, maintaining, and retaining housing;

11 2. Prioritizing shelter and housing access for people living unsheltered and
12 people who have the longest histories of experiencing homelessness, including those that face the
13 greatest barriers to housing due to structural and institutional barriers tied to criminal history or
14 drug use, and/or have serious and persistent disabilities;

15 3. Incorporating Statement of Legislative Intent 230-1-A-1-2018 approved by
16 Council November 14, 2017 which outlines the Council's plan to issue bonds in 2019 to fund
17 additional affordable housing projects for which there were inadequate City Housing funds;

18 4. Orienting all aspects of the homeless response system towards exits to
19 permanent housing; and

20 5. Working together urgently and boldly to implement meaningful solutions.

21 Section 5. Prior to the completion of the taskforce's report, the Chair of the Finance
22 Committee, or its successor committee, shall schedule time on the committee's agenda at least
23 once per month between January 1, 2018 and February 28, 2018, to receive an update from

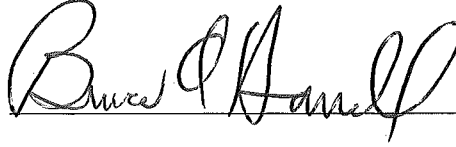
1 representatives of the taskforce as to the status of their work. After delivery of the taskforce's
2 advisory report to the Council, the Chair of the Finance Committee, or its successor committee,
3 shall schedule time on the committee's agenda to provide Councilmembers and the public with a
4 briefing of the taskforce's final recommendations.

5 Section 6. It is the Seattle City Council's intent to take final legislative action imposing
6 an EHT and/or other progressive taxes by March 26, 2018 or early enough to ensure that such
7 taxes can be imposed as of January 1, 2019. The Seattle City Council intends to begin
8 consideration of progressive revenue sources immediately upon receiving the taskforce advisory
9 report. With input by the Council and the Mayor, the Chair of the Finance Committee, or its
10 successor, shall also create a work plan to implement other relevant recommendations from the
11 stakeholder group by March 26, 2018. In the event that the taskforce advisory report has not
12 been transmitted by February 26, 2018, the Seattle City Council intends to begin consideration of
13 an ordinance to impose an EHT and/or other progressive taxes no later than March 2018.

14

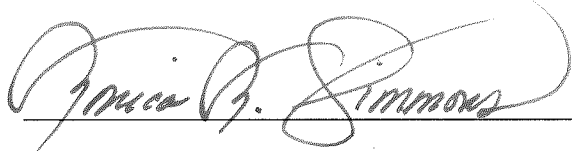
15

1 Adopted by the City Council the 20th day of NOVEMBER, 2017,
2 and signed by me in open session in authentication of its adoption this 20th day of
3 NOVEMBER, 2017.

4 

5 President _____ of the City Council

6 Filed by me this 20th day of NOVEMBER, 2017.

7 

8 Monica Martinez Simmons, City Clerk

9 (Seal)



SEATTLE CITY COUNCIL
CENTRAL STAFF

Homelessness & Housing: Revenues & Costs

Progressive Revenue Task Force | February 1, 2018

TRACI RATZLIFF & ALAN LEE,
LEGISLATIVE ANALYSTS

2016 Housing Levy Funding

Program	Annual/7-year Spending	Annual Production Target	7-year Goal
Rental Production and Preservation Program Serves Households \leq 60% AMI	\$28.7 million / \$201 million	307 new units 50 reinvestment units	2150 new units 350 reinvestment units
Operating and Maintenance Program Serves Households \leq 30% AMI	\$6 million/ \$42 million	72 units	510 new units TBD subsidy extension for existing units

Emergency Services: Shelter

Cost per bed: \$5,597 (Basic) | \$14,873 (Enhanced)

2017 Homeless Investments RFP: Emergency Services

- **50 applications (\$34,089,807)**
- **Criteria for selection**
 - Services – Enhanced Shelter model
 - Performance – Exits to Permanent Housing
 - Budget
 - Race and Social Justice
- **27 projects recommended (\$14,813,276)**
 - 20.5k households served
 - 2k households to permanent housing

Transitional Housing

Cost per Unit : \$6,120

2017 Homeless Investment RFP

- **20 projects recommended (\$7,590,865)**
- **200 households to permanent housing**
- **340 households served**
- **7 projects (\$1,897,325)**
 - 310 beds
 - 20.5k households served
 - 2k households to PH

Permanent Supportive Housing Project

- Capital cost per unit = \$312,000
- City covers entire cost; leverage sources fully utilized with Housing Levy
- 80 to 100 unit building = \$25 million to \$31.2 million capital only (one-time)
- Operating and Services cost per unit = \$17k per unit, *per year for 20 years in addition to one-time capital costs*
- City covers entire cost; leverage sources fully utilized with Housing Levy
- 80 to 100 unit building = \$1.3 million to \$1.7 million (+ 4% year inflation) *per year for 20 years for ongoing operations and services*
- Building provides services to support the most significantly impacted homeless individuals

Prevention

Prevention – help households maintain permanent housing through financial assistance and case management

Cost per Household = \$3,500

2017 Homeless Investment RFP: Nine projects (\$2,492,578) recommended for funding.

- 681 households to maintain permanent housing
- At least 40% of funding for rental subsidies

Mixed-Income Building with 30% & 60% AMI Units

Capital cost per unit = \$312,000 per unit

City funds could leverage 4% tax credits

Total City cost \$170,000 per unit or \$17 million for one- 100 unit building

Building includes 30 units serving those $\leq 30\%$ Area Median Income (AMI) and 70 units of $\leq 60\%$ AMI in each building

Housing would serve those households with $\leq 30\%$ of AMI and $\leq 60\%$ AMI

No services or operating support provided, assumes tenants pay appropriate rent that support building operations

Potential Uses (\$10 million)

	Prevention (Households)	Basic Shelter (Beds)	Enhanced Shelter (Beds)	Transitional Housing (Units)	Permanent Supportive Housing		Mixed-Income Housing
					Capital (Units) one-time	Operations and Services (Units)	Capital (Units), one-time
Rate	\$3,500	\$5,597	\$14,873	\$6,120	\$312,000	\$17,000 +	\$170,000
Annual Revenue \$10,000,000	2,857	1,787	672	1,634	32	588	58



SEATTLE CITY COUNCIL
CENTRAL STAFF

Homelessness & Housing: Needs & Spending

Progressive Revenue Task Force | January 18, 2018

TRACI RATZLIFF & ALAN LEE,
LEGISLATIVE ANALYSTS

Annual Homelessness Count (King County)

Year	Unsheltered	Overnight Shelter	Transitional Housing	Total
2017	5,485	3,491	2,667	11,643
2016	4,505	3,200	2,983	10,688
2015	3,772	3,282	2,993	10,047
2014	3,123	2,906	3,265	9,294
2013	3,452	2,874	2,736	9,062

Sources: “2017 Seattle/King County Count Us In” and “2016 One Night Count”

2017 Count Us In

73% of local homeless counted in Seattle area: 8,522

3,857 Unsheltered

4,665 Sheltered

Disproportionality:

29% Black/African Americans

6% American Indians/Native Alaskans

24% Chronically homeless: 2,773

Need for Affordable Housing in Seattle

Severely Cost Burdened (SCB): > 50% of income for rent & utilities

Total Number of Renter Households:	156,465
Number of Renter Households with incomes \leq 30% AMI*:	39,540 (25%)
Number of SCB Renter Households with incomes \leq 30% AMI:	22,800 (15%)

*30% AMI Today: \$20,200 (1 person) - \$23,050 (2 person)

Source: "CHAS" tabulation of 2010-2014 5-Year American Community Survey (ACS) estimates, prepared by U.S. Census Bureau for HUD.
Notes: The estimates of cost-burdened households omit households for whom cost burden is not computed (mostly households who have zero or negative income). *The figures for cost-burdened households in the lowest income category should therefore be regarded as conservative estimates.*
ACS estimates carry margins of error

Homelessness Strategies & Investment Budget

Fund Source	2015	2016	2017	2018
General Fund	\$26,010,516	\$27,878,507	\$32,946,168	\$36,743,150
Other (fed., state, county, etc.)	\$18,032,410	\$21,265,936	\$23,858,964	\$25,751,631
Total	\$44,042,926	\$53,900,782	\$60,766,677	\$66,256,326

City Homelessness Investments by Intervention

Intervention Type	2016	2017	2018		
			RFP	Non-RFP	2018 Total
Diversion	\$423,500	\$737,492	\$1,993,300	\$0	\$1,993,300
Emergency Services	\$19,793,410	\$20,265,670	\$14,813,276	\$6,719,964	\$21,533,240
Outreach and Engagement	\$2,823,933	\$3,614,822	\$2,888,157	\$106,720	\$2,994,877
Permanent Supportive Housing	\$10,805,977	\$10,439,382	\$1,975,496	\$9,763,726	\$11,739,222
Prevention	\$5,125,859	\$3,867,915	\$2,492,577	\$4,062,555	\$6,555,132
Rapid Re-Housing	\$3,837,347	\$6,410,063	\$4,317,758	\$3,464,126	\$7,781,884
Transitional Housing	\$4,609,388	\$3,289,850	\$1,332,643	\$2,359,354	\$3,691,997
Capital	\$236,742	\$369,410	\$400,000	\$0	\$400,000
TOTALS	\$47,656,156	\$48,994,604	\$30,213,207	\$26,476,445	\$56,689,652

City Homelessness Investments

RFP (2017) competed funds for first time in over ten years; next RFP for homelessness investments will be in five years.

Pathways Home strategy shifts investments to Enhanced Shelter, Rapid Rehousing, Diversion and Prevention.

Bridge Funding (3-6 months) made available to shelters, encampment services, day centers, outreach, and other existing City-funded services not selected in RFP

Capital Funding Commitments for New Affordable Housing

Fund Source	2015	2016	2017
Housing Levy	\$16,900,000	\$17,500,000	\$28,600,000
Incentive Zoning	\$37,500,000	\$24,500,000	\$30,800,000
HOME (allocation and program income)	\$ 1,500,000	\$8,400,000	\$ 3,200,000
CDBG (allocation and program income)	\$ 625,000	\$0	\$ 2,900,000
Bond	\$0	\$0	\$29,000,000
Other	\$1,400,000	\$2,800,000	\$0
Total	\$57,900,000	\$53,200,000	\$94,500,000

New Affordable Housing Units Funded

Unit Type	2015	2016	2017
Permanent Supportive Housing (PSH)	131	162	222
≤30% of AMI Housing (excludes PSH)	38	116	136
≥31% AMI to 80% of AMI	724	295	538
Total	893 units	610 units	896 units

City's Capital Funding Commitment

City one of many funders of affordable housing projects. Other fund sources include: State, Federal, King County, and other partners.

City \$\$ typically represent approximately 30% of total funding for PSH and under 30% of AMI units *when other usual fund sources are available.*

Funding commitment made in given year, but construction of units (and spending of \$\$) happens in subsequent years (typically 1 to 3 years).

City Operating & Maintenance (O & M) Funding Commitments

New City Funded Operating and Maintenance Units

	2015	2016	2017
Housing Levy Funds	\$0	\$1,200,000	\$0
# of Units	0	13 units	0

City's O & M Funding Commitment

City very small contributor to operating and services costs (\$2,500 per unit out of total \$15k - \$17k).

Other key sources of operating AND services funding: Federal McKinney, King County, Seattle Housing Authority (SHA), other.

City's funding commitment made when units are ready to open – not at time of capital commitment.

City's commitment is for 20 years, subject to annual review of costs.

Progressive Revenue Task Force - Business-Specific City Taxes in Seattle and Select Other Jurisdictions

Seattle City Council Central Staff (E. Sund)

General Business Type ¹	Gross Receipts, Annual	Employees (# of FTE)	(a)	(b)	(c) = (a) + (b)	2018 Taxes in Bellevue ⁴	2018 Taxes in Renton ⁵	2018 Taxes in Redmond ⁶	2018 Taxes in Kirkland ⁷	2018 Taxes in Bothell ⁸	2018 Taxes in Atlanta, GA ⁹	2018 Taxes in San Diego, CA ¹⁰
			2018 Taxes in Seattle ² (No EHT)	Additional Tax from \$100 EHT ³	2018 Taxes in Seattle w/ \$100 EHT							
Retail Service	\$2,000,000	10	\$4,940	\$1,000	\$5,940	\$3,077	\$1,850	\$1,120	\$1,150	\$2,060	\$2,475	\$38
Retail Sales	\$5,000,000	10	\$13,100	\$1,000	\$14,100	\$7,565	\$2,650	\$1,120	\$1,150	\$2,060	\$5,775	\$38
Services (Business)	\$5,000,000	30	\$23,350	\$3,000	\$26,350	\$7,565	\$4,400	\$3,360	\$3,250	\$2,329	\$9,025	\$279
Retail Service	\$15,000,000	30	\$35,300	\$3,000	\$38,300	\$22,525	\$12,900	\$3,360	\$3,250	\$2,329	\$17,275	\$279
Retail Sales	\$100,000,000	100	\$224,000	\$10,000	\$234,000	\$149,685	\$50,150	\$11,200	\$10,600	\$4,958	\$110,775	\$629
Services (Business)	\$100,000,000	200	\$429,000	\$20,000	\$449,000	\$149,685	\$85,150	\$22,400	\$21,100	\$6,158	\$165,775	\$1,129
Manufacturing	\$100,000,000	200	\$224,000	\$20,000	\$244,000	\$149,685	\$85,150	\$22,400	\$21,100	\$6,211	\$165,775	\$1,129
Services (Business)	\$500,000,000	1,000	\$2,137,000	\$100,000	\$2,237,000	\$748,085	\$425,150	\$112,000	\$105,100	\$14,166	\$850,025	\$5,129

Assumptions and Notes

*This table does not capture state taxes, county or special purpose district taxes, local business income taxes, or other taxes not specific to businesses (e.g., property taxes).

*All rows assume proration based on 1920 hrs/yr = 1 FTE

*All amounts calculated using 2018 rates (except conceptual Seattle Employee Hours Tax)

¹Assumes a single category of business activity.

²Business License Tax Certificate Fee and Business License Tax (B&O/gross receipts tax) at 2018 rates (at current rates of 0.222% or 0.427%, the maximum permitted without voter approval).

³\$100/FTE/year Employee Hours Tax for businesses with no exemptions.

⁴B&O (gross receipts) tax at 0.1496% for all businesses with gross receipts above \$150,000/year +\$85 license fee.

⁵Gross receipts tax of .05% for retail activities and .085% for all others plus \$150 annual license fee. Per-employee tax for smaller businesses (in place of gross receipts tax) was repealed.

^{6,7}Employee hours-based business license fee (+\$100 registration fee in Kirkland).

⁸Multi-component business license fee; assumes 16,000 sf of business space in the city (50,000 sf+ for cases with 100 FTE+).

⁹Includes a \$50 registration fee, a tax of \$25/FTE/year for each employee after the first, and a gross receipts tax (like Seattle's B&O, but with rates from 0.060% to 0.215%).

¹⁰Includes a \$34 fee for businesses with 12 or fewer FTEs or a fee of \$125 + \$5/employee for businesses with 13 or more employees. Also includes a \$4 disability law compliance fee.

Progressive Revenue Task Force
City Employee Hours Tax - Examples of Potential Revenues Raised

Erik Sund, Seattle City Council - Central Staff

I. EHT Base: Estimated Eligible Employment in Full-Time Equivalent (FTE) Positions

448,622

- 2015 estimate by the Puget Sound Regional Council
- Excludes public sector positions and those not covered by unemployment insurance
- Uses historic average of approx. 0.8 FTEs per employment position (Department of Labor & Industries)

II. Examples of Exemptions - Impact of Potential Exemptions Based on Gross Receipts

1.	% of 2009 EHT \$ paid by businesses with gross receipts of \$5 million+ per year	56%
2.	% of 2009 EHT \$ paid by businesses with gross receipts of \$8 million+ per year	49%
3.	% of 2009 EHT \$ paid by businesses with gross receipts of \$10 million+ per year	45%

- Based on the City's prior EHT, which included exemptions based on employee commute modes.
- This may introduce errors if commute mode (or application of exemptions) varied by business size.

III. Estimated Annual EHT Revenues by Rate

	Exemptions	\$50/FTE/Yr Tax Rate	\$100/FTE/Yr Tax Rate	\$150/FTE/Yr Tax Rate
1.	None	\$ 22,431,100	\$ 44,862,200	\$ 67,293,300

- All estimates assume 100% compliance

IV. Estimated Annual EHT Revenues by Rate and Gross Receipts Exemption Levels

	Exemptions	\$50/FTE/Yr Tax Rate	\$100/FTE/Yr Tax Rate	\$150/FTE/Yr Tax Rate
1.	Businesses with gross receipts <\$5M	\$ 12,471,692	\$ 24,943,383	\$ 37,415,075
2.	Businesses with gross receipts <\$8M	\$ 10,946,377	\$ 21,892,754	\$ 32,839,130
3.	Businesses with gross receipts <\$10M	\$ 10,138,857	\$ 20,277,714	\$ 30,416,572

- All estimates assume 100% compliance