

SAWANT'S JOBS TAX SUMMARY

CB 119772 – Payroll Tax

- Tax rate of 1.3% on payroll expenses
- Tax applies to businesses in Seattle with a payroll expense of more than \$7M annually
- Exemptions for:
 - Grocery businesses,
 - Most non-profits,
 - Insurance businesses,
 - Businesses that sell, manufacture, or distribute motor vehicle fuel
 - And businesses that sell, manufacture, or distribute alcohol
- If passed, the tax would go into effect immediately and would be prorated for 2020

CB 119773 – Interfund Loan Authorization

- Would make up to \$200M available within 21 days of passage and approval by Mayor
- Funds could be loaned to the City's General Fund from the following sources:
 - \$60M - Low Income Housing Fund
 - \$50M - Housing Incentive Fund
 - \$50M - Families, Education, Preschool, and Promise Levy Fund
 - \$50M - Move Seattle Levy Fund
 - \$50M - Seattle Park District Fund
 - \$50M - Library Levy Fund
- All principal and interest of loans are intended to be repaid by the proposed payroll tax by the end of 2021

CB 119774 – Spending Plan (Payroll Tax + Interfund Loan)

- \$200M from interfund loan:
 - \$500/month direct cash assistance for 4 months (\$2K total) from interfund loans
 - Up to \$100M would be distributed to low-income households enrolled in City or state assistance programs, including but not limited to: Utility Discount Program, Early Childhood Education and Assistance Program (ECEAP), Child Care Assistance Program, Fresh Bucks, and households qualifying for free tuition in the Seattle Preschool Program.
 - Up to \$100M for low-income households economically impacted by the COVID-19 crisis but not enrolled in assistance programs.
- Funds generated by the payroll tax:
 - Up to 5% in the first year and 3% in following years to pay for the collection and administration of the tax
 - Paying back the interfund loans with interest
 - After administration costs and paying back interfund loans, the remaining proceeds will be distributed as follows:
 - 75% for developing and preserving permanently affordable housing for those experiencing homelessness and households with incomes between 0-100% AMI
 - 25% for Green New Deal strategies including transitioning homes to electric heat and weatherizing existing residences
 - Establishes a Social Housing Board comprised of 23 members to make recommendations on the affordable social housing funded by the payroll tax revenue
 - Asks the Green New Deal Oversight Board (which was created by legislation last year) to make recommendations on the Green New Deal strategies and spending