

Attachment 2: Subcommittee Recommendations Presented to FAC on July 29, 2020

Not the final Subcommittee recommendations to City Council on August 3, 2020*

Issue	Policy Recommendation
Tax Structure	Progressive tiers
Types of rates	Marginal
Tax liability	Joint and severable
Number of Tiers, tier range, and tax rate	<p><u>Option 1</u> Under \$1 million: 0.45% (existing) \$1 million to under \$2.5 million: 1.25% \$2.5 million to under \$5 million: 2.5% \$5 million to under \$25 million: 3.25% \$25 million and above: 4%</p> <p>or</p> <p><u>Option 2</u> Under \$1.5 million: 0.45% (existing) \$1.5 million to under \$3 million: 1.5% \$3 million to under \$10 million: 3% \$10 million and up: 4%</p>
How Tiers are Modified Over time	City Council can increase tier thresholds by amount no more than CPI, no more than once every 5 years.
Exemptions to rate increase (remain at existing 0.45% rate) (in addition to lowest tier bracket, as proposed above)	<ol style="list-style-type: none"> 1. First transfer of newly multifamily construction constructed (not converted from other residential uses) within the last 5 years 2. 100% deed restricted affordable residential properties

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Option 1 Revenue (rates applied to 2019 Sales)

	0.45%	1.25%	2.50%	3.25%	4.00%	
	<1M	1.0M<2.5M	2.5M<5M	5M<25M	25M+	Total
All Sales	\$ 1,695,727.08	\$ 1,929,327.81	\$ 1,180,088.05	\$ 4,371,412.83	\$ 4,851,320.16	\$ 14,027,875.93
Excludes 4 Sales over \$30M	\$ 1,677,727.10	\$ 1,854,327.81	\$ 930,088.05	\$ 1,771,412.83	\$ -	\$ 6,233,555.79

Option 2 Revenue (rates applied to 2019 Sales)

	0.45%	1.50%	3.00%	4.00%	
	<1.5M	\$1.5M-\$2.99M	\$3M-\$9.999M	10M+	Total
All Sales	\$ 2,111,642.46	\$ 1,149,511.44	\$ 2,534,895.54	\$ 8,151,260.32	\$ 13,947,309.74
Excludes 4 sales over \$30M	\$ 2,077,892.48	\$ 1,037,011.43	\$ 1,484,895.54	\$ 434,940.12	\$ 5,034,739.56