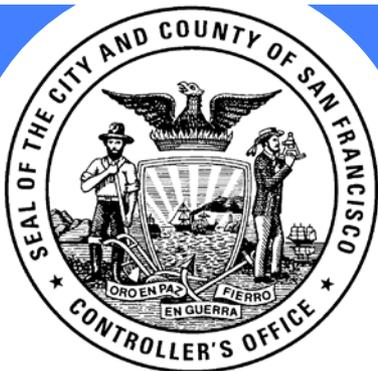


# Business Tax Changes: Economic Impact Report



**CITY & COUNTY OF SAN FRANCISCO**

Office of the Controller  
Office of Economic Analysis

Item #200648

07.21.2020

- The proposed legislation would make a number of changes to San Francisco's system of business taxes. The changes would require voter approval, by a simple majority vote, at the November 2020 election.
- The revenues from two new taxes approved by San Francisco voters in 2018 have been impounded by the City Controller's Office, because of ongoing litigation. The proposed tax changes would permit the City to expend those impounded funds, and replace the tax revenues for 20 years, if the City loses that litigation.
- Additionally, the proposal would eliminate the City's Payroll Expense Tax, reduce business registration fees for small businesses, and make a number of adjustment to the City's Gross Receipts Tax rates.
- The Office of Economic Analysis (OEA) has prepared this economic impact report after determining that the proposed changes could have a material impact on the city's economy.
- The proposed tax is incorporated within a City Charter amendment which also excludes the tax's revenue from budget baselines. Only the tax changes are considered in this report, as the baseline changes do not affect the broader city economy.

- Specifically, the proposed tax would make the following changes:
  1. Providing a new revenue stream (a “backstop”) that would permit the City to expend the impounded revenue now being collected from the Commercial Rents Tax (“Baby C”) and Homelessness Gross Receipts Tax (“Big C”). The backstop is an increase in Gross Receipts Tax rates that mirror Big C and Baby C, and would go into effect for 20 years, only if the City loses the litigation.
  2. A repeal of the Payroll Expense Tax, effective in tax year 2021, funded by an across-the-board increase in Gross Receipts Tax rates, of 40%.
  3. A reduction of business registration fees, for businesses with \$1 million or less in San Francisco gross receipts.
  4. An increase in the small business exemption for the Gross Receipts Tax, to \$2 million. It’s 2019 level is \$1.17 million.
  5. Temporary reductions in Gross Receipts Tax rate for certain industries, and phased, permanent, increases in Gross Receipts Tax rates for other industries, as detailed on the following three pages.

# Proposed Temporary Rate Reductions

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- The City's Gross Receipts Tax has progressive tax rates, in which a business faces higher tax rates on higher tiers of gross receipts.
- The proposed measure would reduce the tax rates on the lowest three tiers (up to \$25 million in gross receipts), for the following industries: Retail Trade; Certain Services; Manufacturing; Arts, Entertainment, Recreation; Accommodations; and Food Services.
- The rates reductions for all 6 industries would be, in tax years 2021 & 2022, equivalent to 50% of the existing rates below \$25 million, adjusted by the 40% increase to fund the elimination of the Payroll Expense Tax. In tax year 2023, the reduction would be 25% of this adjusted rate, and in tax year 2024 and afterwards, there would be no reduction.
- Rates for all industries and tiers, for each year, are shown in the Appendix.

# Proposed Rate Increases

- The proposal would change the rates that apply to the Information industry, beginning in tax year 2021, by raising them to match the rates that apply to the Professional, Scientific, and Technical Services industry.
- Additionally, further stepped increases would apply, to the industries and in the tax years shown on the next page. These increases are shown as a percentage increase of current rates, for all tiers.
- In 2023 and 2024, the increases would be delayed by one year if total San Francisco gross receipts for the proceeding year was below 90% or 95%, respectively, of San Francisco gross receipts total for 2019. This effectively defers tax increases if there is a major decline in the city's economy that continues to 2022 or 2023.
- The detailed rate increases by industry are shown on the next page. Full rate detail is provided in appendix.

# Rate Increase Details

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| Business Activity                                | 2021 | 2022 | 2023 | 2024 |
|--|------|------|------|------|
| Certain Services                                 | 0%   | 0%   | 0%   | 0%   |
| Retail Trade                                     | 0%   | 0%   | 0%   | 0%   |
| Wholesale Trade                                  | 0%   | 0%   | 0%   | 0%   |
| Biotechnology                                    | 0%   | 5%   | 10%  | 15%  |
| Clean Technology                                 | 0%   | 0%   | 0%   | 0%   |
| Food Services                                    | 0%   | 0%   | 0%   | 0%   |
| Information                                      | 0%   | 10%  | 15%  | 20%  |
| Manufacturing                                    | 0%   | 0%   | 0%   | 0%   |
| Transportation and Warehousing                   | 0%   | 0%   | 0%   | 0%   |
| Accommodations                                   | 0%   | 0%   | 0%   | 0%   |
| Arts, Entertainment, and Recreation              | 0%   | 0%   | 0%   | 0%   |
| Utilities  | 0%   | 5%   | 10%  | 15%  |
| Activity Not Listed Above                        | 0%   | 10%  | 15%  | 20%  |
| Administrative and Support Services              | 0%   | 5%   | 10%  | 15%  |
| Private Education and Health Services            | 0%   | 5%   | 10%  | 15%  |
| Construction                                     | 0%   | 0%   | 0%   | 0%   |
| Financial Services                               | 0%   | 10%  | 15%  | 20%  |
| Insurance  | 0%   | 5%   | 10%  | 15%  |
| Professional, Scientific, and Technical Services | 0%   | 10%  | 15%  | 20%  |
| Real Estate and Rental and Leasing Services      | 0%   | 5%   | 10%  | 15%  |
| Administrative Office Tax Payers                 | 0%   | 5%   | 10%  | 15%  |

- An estimate of the revenue changes associated with each of the features of the tax proposal is shown on the table on the next page.
- The table assumes a resolution of the Big C/Baby C tax litigation, in the City's favor, in 2023, and that there is no revenue associated with the backstop in that year or beyond. As stated earlier, if the City loses the litigation, the backstop would replace the revenue of Big C/Baby C, as a general tax, for 20 years.
- The table shows the Big C and Baby C revenues that have been paid, or will be paid between now and 2023. This payment has and will continue to occur, regardless of whether this proposal is adopted. The proposal only permits the City to spend it prior to the final resolution of the litigation.

# Revenue Impact of Policy Features, 2020-2025

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| Tax Feature  | Spending Use               | 2021         | 2022         | 2023        | 2024        | 2025        |
|--|----------------------------|--------------|--------------|-------------|-------------|-------------|
| Unlocked Big C Revenue                               | Affordable Housing         | \$197        | \$94         | \$0         | \$0         | \$0         |
|  | Mental Health              | \$98         | \$47         | \$0         | \$0         | \$0         |
|  | Homelessness Prevention    | \$59         | \$28         | \$0         | \$0         | \$0         |
|  | Shelter & Hygiene          | \$40         | \$19         | \$0         | \$0         | \$0         |
|  | General Fund Re-Payments   | \$197        | \$0          | \$0         | \$0         | \$0         |
| Unlocked Baby C Revenue                              | Childcare                  | \$273        | \$160        | \$0         | \$0         | \$0         |
|  | General Fund Distributions | \$107        | \$28         | \$0         | \$0         | \$0         |
| Replace Payroll Tax with Gross Receipts Tax Increase | General Fund               | \$1          | \$1          | \$1         | \$1         | \$1         |
| Reduce Business Registration Fees                    | General Fund               | -\$5         | -\$5         | -\$5        | -\$5        | -\$5        |
| Raise Gross Receipts Tax Small Business Exemption    | General Fund               | -\$12        | -\$12        | -\$12       | -\$12       | -\$12       |
| Temporary Tax Reductions                             | General Fund               | -\$22        | -\$22        | -\$11       | \$0         | \$0         |
| Move Information to Schedule 6 Rates                 | General Fund               | \$30         | \$30         | \$30        | \$30        | \$30        |
| Stepped Tax Increases                                | General Fund               | \$0          | \$39         | \$61        | \$83        | \$83        |
| <b>Total</b>   |                            | <b>\$963</b> | <b>\$407</b> | <b>\$64</b> | <b>\$97</b> | <b>\$97</b> |

- The proposal will affect the city's economy in three primary ways:
  1. The backstop feature will allow the spending of Big C/Baby C revenue, prior to the resolution of the litigation. This spending will create a positive impact on the city's economy, without any offsetting negative impact on businesses.
  2. Secondly, the proposal fully shifts the City's business tax base away from payroll expense, to gross receipts, which will create an incentive to add payroll and employment in the city.
  3. Thirdly, the proposal changes the Gross Receipts Tax burden, across industries and businesses of different sizes. Since industries in San Francisco differ in their sensitivity to the cost of doing business, and their multiplier effects, these shifts may also impact the city's economy.
- The estimated net impact of the proposal on each industry, for the years 2021-2024, is shown in the table on the next page.

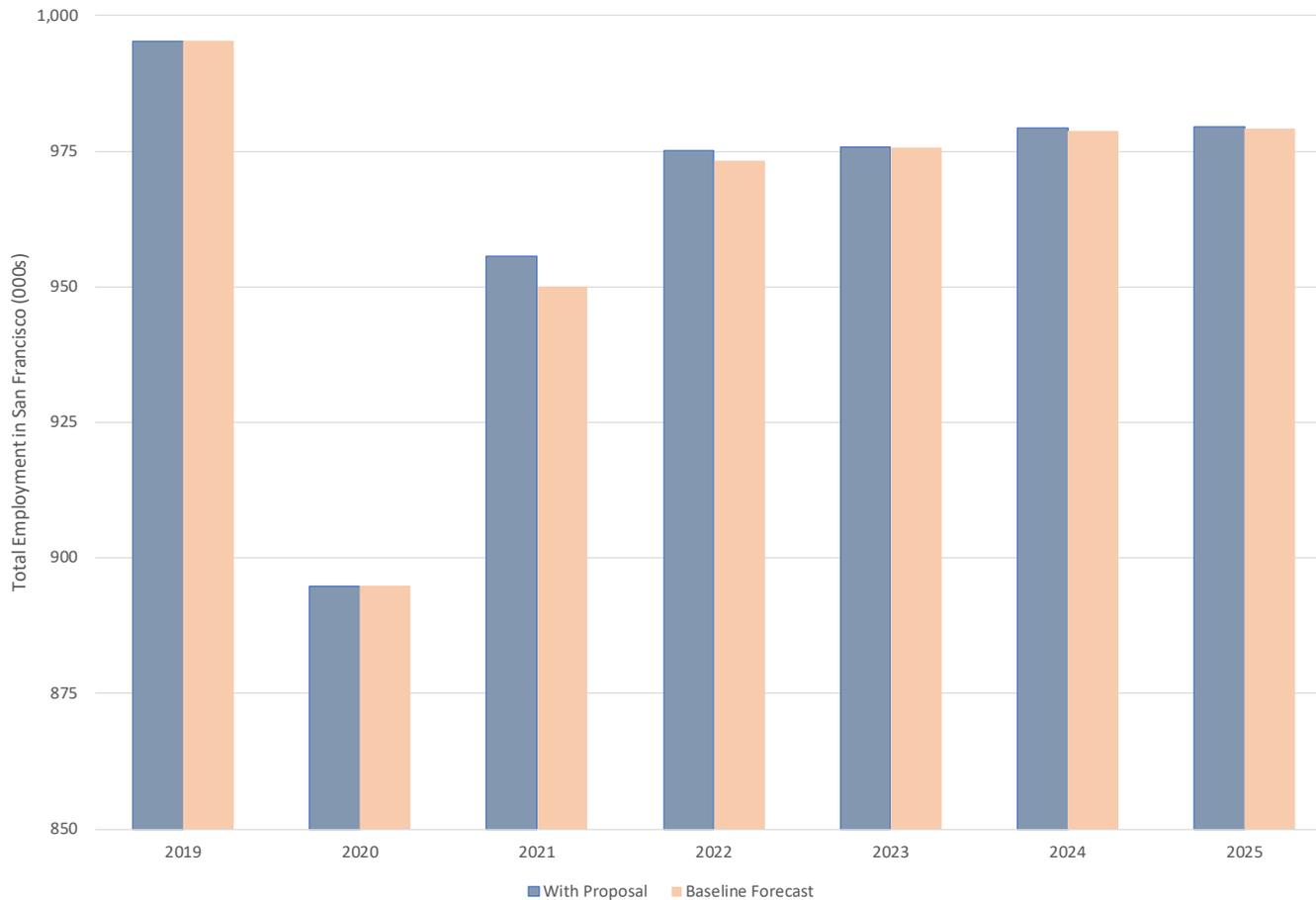
# Change in Business Taxes by Industry, 2021-2024

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| Industry   | 2021 (\$M) | 2022 (\$M) | 2023 (\$M) | 2024 (\$M) |
|--|------------|------------|------------|------------|
| Accommodations                                   | -\$1       | -\$1       | \$0        | \$2        |
| Activity Not Listed Above                        | \$0        | \$1        | \$2        | \$3        |
| Administrative and Support Services              | \$0        | \$1        | \$2        | \$3        |
| Arts, Entertainment, and Recreation              | -\$2       | -\$2       | -\$1       | \$0        |
| Biotechnology                                    | -\$1       | -\$1       | \$0        | \$0        |
| Certain Services                                 | -\$2       | -\$2       | -\$1       | -\$1       |
| Clean Technology                                 | \$0        | \$0        | \$0        | \$0        |
| Construction                                     | \$3        | \$3        | \$3        | \$3        |
| Financial Services                               | \$8        | \$17       | \$21       | \$25       |
| Food Services                                    | -\$9       | -\$9       | -\$5       | -\$2       |
| Information                                      | \$16       | \$30       | \$36       | \$43       |
| Insurance  | \$0        | \$1        | \$1        | \$1        |
| Manufacturing                                    | -\$3       | -\$3       | -\$2       | \$0        |
| Private Education and Health Services            | \$0        | \$1        | \$1        | \$2        |
| Professional, Scientific, and Technical Services | -\$6       | \$4        | \$10       | \$15       |
| Real Estate and Rental and Leasing Services      | \$4        | \$5        | \$7        | \$8        |
| Retail Trade                                     | -\$9       | -\$9       | -\$6       | -\$3       |
| Transportation and Warehousing                   | \$0        | \$0        | \$0        | \$0        |
| Utilities  | \$1        | \$1        | \$2        | \$2        |
| Wholesale Trade                                  | -\$2       | -\$2       | -\$2       | -\$2       |
| Administrative Office Tax payers                 | \$0        | \$1        | \$3        | \$4        |

# Economic Impact Assessment

San Francisco Total Employment, 2019-25: With Proposed Tax Changes, and Baseline Forecast



The OEA used the REMI model to estimate the economic impact of the tax and spending changes summarized on pages 8 and 10.

The chart to the left illustrates a baseline forecast of city employment, prepared since COVID-19 emergency, and the REMI estimate of city employment were the tax proposal to go into effect.

The baseline forecast is for the city to lose approximately 100,000 jobs in 2020. 55,000 would be recovered in 2021.

The tax proposal would raise the number of jobs by about 5,500 in 2021, and 1,900 in 2022, due to the expenditure of the unlocked Big C/Baby C funds. In later years, when no new backstop spending is assumed, the job impacts are much more modest.

\*The estimate assumes a resolution of the tax litigation in 2023, and that the triggered tax increases are not deferred and go into effect in 2023 and 2024.

- The COVID-19 emergency has dramatically worsened the near-term economic outlook for the city. The baseline jobs forecast is for the loss of 100,000 jobs in 2020, and no full recovery to 2019 employment levels until after 2025.
- In this context, the tax proposal could improve the economy in the early years; its expected impact of 5,500 jobs in 2021 would account for 10% of all projected job recovery in the city next year.
- After the resolution of the tax litigation, when no new spending from Big C and Baby C is expected, the economic impact would be much more modest. An increase in employment in the City, and in City contractors, would slightly outweigh the job losses in the industries that face tax increases under the proposal.

# Appendix: Proposed Tax Rates by Industry

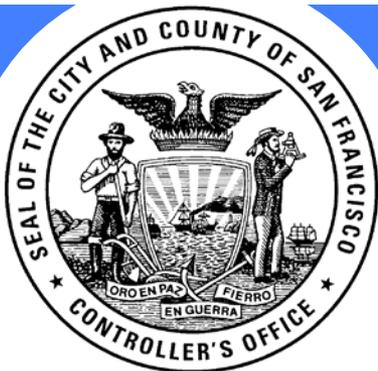
| Business Activity                                | 2021   |          |             |        | 2022   |          |             |        | 2023   |          |             |        | 2024   |          |             |        |
|--|--------|----------|-------------|--------|--------|----------|-------------|--------|--------|----------|-------------|--------|--------|----------|-------------|--------|
|  | \$0-1M | \$1-2.5M | \$2.5-\$25M | \$25M+ |
| Certain Services                                 | 0.053% | 0.070%   | 0.095%      | 0.224% | 0.053% | 0.070%   | 0.095%      | 0.224% | 0.079% | 0.105%   | 0.142%      | 0.224% | 0.105% | 0.140%   | 0.189%      | 0.224% |
| Retail Trade                                     | 0.053% | 0.070%   | 0.095%      | 0.224% | 0.053% | 0.070%   | 0.095%      | 0.224% | 0.079% | 0.105%   | 0.142%      | 0.224% | 0.105% | 0.140%   | 0.189%      | 0.224% |
| Wholesale Trade                                  | 0.105% | 0.140%   | 0.189%      | 0.224% | 0.105% | 0.140%   | 0.189%      | 0.224% | 0.105% | 0.140%   | 0.189%      | 0.224% | 0.105% | 0.140%   | 0.189%      | 0.224% |
| Biotechnology                                    | 0.175% | 0.287%   | 0.518%      | 0.665% | 0.181% | 0.297%   | 0.537%      | 0.689% | 0.188% | 0.308%   | 0.555%      | 0.713% | 0.194% | 0.318%   | 0.574%      | 0.736% |
| Clean Technology                                 | 0.175% | 0.287%   | 0.518%      | 0.665% | 0.175% | 0.287%   | 0.518%      | 0.665% | 0.175% | 0.287%   | 0.518%      | 0.665% | 0.175% | 0.287%   | 0.518%      | 0.665% |
| Food Services                                    | 0.088% | 0.144%   | 0.259%      | 0.665% | 0.088% | 0.144%   | 0.259%      | 0.665% | 0.131% | 0.215%   | 0.389%      | 0.665% | 0.175% | 0.287%   | 0.518%      | 0.665% |
| Information                                      | 0.560% | 0.644%   | 0.714%      | 0.784% | 0.573% | 0.665%   | 0.751%      | 0.832% | 0.579% | 0.675%   | 0.770%      | 0.855% | 0.585% | 0.685%   | 0.788%      | 0.879% |
| Manufacturing                                    | 0.088% | 0.144%   | 0.259%      | 0.665% | 0.088% | 0.144%   | 0.259%      | 0.665% | 0.131% | 0.215%   | 0.389%      | 0.665% | 0.175% | 0.287%   | 0.518%      | 0.665% |
| Transportation and Warehousing                   | 0.175% | 0.287%   | 0.518%      | 0.665% | 0.175% | 0.287%   | 0.518%      | 0.665% | 0.175% | 0.287%   | 0.518%      | 0.665% | 0.175% | 0.287%   | 0.518%      | 0.665% |
| Accommodations                                   | 0.210% | 0.228%   | 0.228%      | 0.560% | 0.210% | 0.228%   | 0.228%      | 0.560% | 0.315% | 0.341%   | 0.341%      | 0.560% | 0.420% | 0.455%   | 0.455%      | 0.560% |
| Arts, Entertainment, and Recreation              | 0.210% | 0.228%   | 0.228%      | 0.560% | 0.210% | 0.228%   | 0.228%      | 0.560% | 0.315% | 0.341%   | 0.341%      | 0.560% | 0.420% | 0.455%   | 0.455%      | 0.560% |
| Utilities  | 0.420% | 0.455%   | 0.455%      | 0.560% | 0.435% | 0.471%   | 0.471%      | 0.580% | 0.450% | 0.488%   | 0.488%      | 0.600% | 0.465% | 0.504%   | 0.504%      | 0.620% |
| Activity Not Listed Above                        | 0.735% | 0.770%   | 0.840%      | 0.910% | 0.788% | 0.825%   | 0.900%      | 0.975% | 0.814% | 0.853%   | 0.930%      | 1.008% | 0.840% | 0.880%   | 0.960%      | 1.040% |
| Administrative and Support Services              | 0.735% | 0.770%   | 0.840%      | 0.910% | 0.761% | 0.798%   | 0.870%      | 0.943% | 0.788% | 0.825%   | 0.900%      | 0.975% | 0.814% | 0.853%   | 0.930%      | 1.008% |
| Private Education and Health Services            | 0.735% | 0.770%   | 0.840%      | 0.910% | 0.761% | 0.798%   | 0.870%      | 0.943% | 0.788% | 0.825%   | 0.900%      | 0.975% | 0.814% | 0.853%   | 0.930%      | 1.008% |
| Construction                                     | 0.420% | 0.490%   | 0.560%      | 0.630% | 0.420% | 0.490%   | 0.560%      | 0.630% | 0.420% | 0.490%   | 0.560%      | 0.630% | 0.420% | 0.490%   | 0.560%      | 0.630% |
| Financial Services                               | 0.560% | 0.644%   | 0.714%      | 0.784% | 0.600% | 0.690%   | 0.765%      | 0.840% | 0.620% | 0.713%   | 0.791%      | 0.868% | 0.640% | 0.736%   | 0.816%      | 0.896% |
| Insurance  | 0.560% | 0.644%   | 0.714%      | 0.784% | 0.580% | 0.667%   | 0.740%      | 0.812% | 0.600% | 0.690%   | 0.765%      | 0.840% | 0.620% | 0.713%   | 0.791%      | 0.868% |
| Professional, Scientific, and Technical Services | 0.560% | 0.644%   | 0.714%      | 0.784% | 0.600% | 0.690%   | 0.765%      | 0.840% | 0.620% | 0.713%   | 0.791%      | 0.868% | 0.640% | 0.736%   | 0.816%      | 0.896% |
| Real Estate and Rental and Leasing Services      | 0.399% | 0.399%   | 0.420%      | 0.420% | 0.413% | 0.413%   | 0.435%      | 0.435% | 0.428% | 0.428%   | 0.450%      | 0.450% | 0.442% | 0.442%   | 0.465%      | 0.465% |
| Administrative Office Tax (% of Payroll Expense) | 1.400% | 1.400%   | 1.400%      | 1.400% | 1.470% | 1.470%   | 1.470%      | 1.470% | 1.540% | 1.540%   | 1.540%      | 1.540% | 1.610% | 1.610%   | 1.610%      | 1.610% |

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# Overview of Revised Business Tax Proposals



**CITY & COUNTY OF SAN FRANCISCO**

Office of the Controller

July 16, 2020

## Overview

In June, two modifications to the City's business tax were introduced through the Board legislative process, one by Mayor Breed and the other by President Yee with Supervisors Fewer, Haney, and Peskin.

This overview compares the two measures pending in committee today, including proposed amendments to them.

Two other measures were submitted directly to the Department of Elections, one by the Board sponsors and the other by the Mayor. They are not included in this comparison.

## Key Features of the Two Measures

1. Both measures unlock revenue collected from Big and Baby C through voter-adoption of a backstop tax that would go into effect only if the City loses the litigation on those taxes.
2. Both measures complete the retirement of the payroll tax and replace it with a revenue-neutral increase to gross receipts tax rates.
3. Both measures provide permanent tax relief for small businesses and temporary relief for targeted industries. The form of this relief varies between the two measures.
4. Both measures equalize rates for the information and professional services sectors in 2021.
5. Both measure increases rates on certain sectors, although the timing, level, and breadth of those increases varies.

## Today's Amendments to BOS Measure

1. Increases small business exemption to \$2.0 million
2. Expands industries subject to temporary tax relief
  - Adds hospitality, food services, arts, entertainment, and recreation
3. Reduces level of ultimate tax rate increases and delays them
  - Ultimate rate increases reduced from 30% to 15-20%, varying by industry
  - Phases increases between 2022 and 2024, rather than full increase in 2021
  - Adds trigger to delay 2023 and 2024 increases if receipts don't recover
4. Extends duration of backstop tax from 10 to 20 years
5. Merges Charter baseline changes for the backstop tax into the measure

## Big & Baby C Backstop Tax Feature

1. Many businesses are currently paying Big C and Baby C taxes, but these funds are impounded and cannot be spent by the City because of pending litigation.
2. Both measures create a “backstop” tax that would increase revenues to the General Fund that could be appropriated to refund claims and provide some ongoing revenues in the event the City loses the litigation. This would permit the Controller to release currently impounded funds.
3. The Mayor’s proposal enacts a 15-year backstop tax. With today’s amendments, the Board’s backstop tax would extend for 20 years.
4. The Charter amendment, combined into the Board’s measure in the amendments today, excludes the revenue from the backstop tax for baseline calculations, similar to the current status of Big C and Baby C taxes. This increases revenue available to pay refunds and to support these services, should the lose the litigation.

## Payroll Tax Repeal

1. In both proposals, the payroll tax will be repealed in 2021, and most tax-paying businesses will pay only the gross receipts tax.
2. To offset the lost revenue from the payroll Tax, current gross receipts rates would increase by 40%. This is a revenue-neutral swap.

## Information Sector

1. Both proposals would increase the gross receipts tax rates on the Information sector to equalize them with the rates paid by schedule 6 industries: Financial Services, Professional Services, and Insurance. Apportionment rules would not change.

## Small Business Tax and Fee Reductions

1. Both measures reduce registration fees for businesses with \$1 million or less in San Francisco gross receipts.
2. Both measures increase the small business exemption (the level under which businesses are not subject to the tax) beginning in 2021:
  - The Mayor's proposal increases the exemption to \$1.5 million, exempting an additional 1,800 businesses from the tax.
  - The Board's amended version increases the exemption to \$2.0 million, exempting an additional 3,000 businesses.

## Temporary Tax Reductions

1. Both measures provide temporary tax relief for certain cost-sensitive and impacted industries.
2. With amendments to the Board's versions, both measures apply to manufacturing, retail, other services, hospitality, food services, arts, entertainment, and recreation sectors.
3. For these sectors, the Board's version provides a 50% reduction for adjusted rates on the first \$25 million of a business's receipts for tax years 2021 and 2022, and then a 25% for 2023.
4. The Mayor's version applies similar but not identical rate reductions, with economic triggers rather than specific dates determining their duration.

## Future Rate Increases

1. Both measures provide future tax rate increases for certain sectors, although the rate of increase, the timing of them, and their application across sectors vary.
2. The Mayor's measure proposes a phased ultimate increase for professional services, information, financial services, and administrative offices of 10%, in two 5% stepped increases that would be enacted when unemployment drops below specified levels.
3. The Board's measure, as amended, proposes a phased ultimate increase for a broader set of sectors of between 15% and 20% depending on the sector. These increases would occur in three stepped increases in 2022, 2023, and 2024. Increases in 2023 and 2024 would be deferred by one year if specified gross receipt conditions are not met.
4. Rates for the Board version are included in this presentation's appendix.

## Revenue and Spending Impacts

The revenue and spending benefits to the City vary between the two measures, but share the following components:

- **Shorter-term.** The backstop tax feature in both measures would permit the City to spend currently-assessed taxes of approximately \$1.5 billion through fiscal year 2022-23, comprised of approximately \$1.2 billion for childcare and homeless services and \$300 million in General Fund repayments.
- **Longer-term.** On full phase-in, the rate restructuring in the two measures would generate additional ongoing revenue each year. The Mayor's proposed measure would generate approximately \$20 million on full phase-in while the Board's amended version would generate approximately \$100 million.
- **Other benefits.** Beyond the estimates above, the City would gain other financial benefits, including but not limited to avoided revenue losses from expected shifts in the tax base and ongoing revenue and spending benefits from the backstop tax, for both the General Fund and childcare and homeless services.

## Questions or Comments?

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## Appendix: Board-Version Amended Rate Changes by Industry (slide 8 detail)

|  | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|--|-------------|-------------|-------------|
| Accommodations                                   | No Change   | No Change   | No Change   |
| Activity Not Listed Above                        | 10.00%      | 15.00%      | 20.00%      |
| Administrative and Support Services              | 5.00%       | 10.00%      | 15.00%      |
| AOT  | 5.00%       | 10.00%      | 15.00%      |
| Arts, Entertainment, and Recreation              | No Change   | No Change   | No Change   |
| Biotechnology                                    | 5.00%       | 10.00%      | 15.00%      |
| Certain Services                                 | No Change   | No Change   | No Change   |
| Clean Technology                                 | No Change   | No Change   | No Change   |
| Construction                                     | No Change   | No Change   | No Change   |
| Financial Services                               | 10.00%      | 15.00%      | 20.00%      |
| Food Services                                    | No Change   | No Change   | No Change   |
| Information                                      | 10.00%      | 15.00%      | 20.00%      |
| Insurance  | 5.00%       | 10.00%      | 15.00%      |
| Manufacturing                                    | No Change   | No Change   | No Change   |
| Private Education and Health Services            | 5.00%       | 10.00%      | 15.00%      |
| Professional, Scientific, and Technical Services | 10.00%      | 15.00%      | 20.00%      |
| Real Estate and Rental and Leasing Services      | 5.00%       | 10.00%      | 15.00%      |
| Retail Trade                                     | No Change   | No Change   | No Change   |
| Transportation and Warehousing                   | No Change   | No Change   | No Change   |
| Utilities  | 5.00%       | 10.00%      | 15.00%      |
| Wholesale Trade                                  | No Change   | No Change   | No Change   |

*\* Rate increases in 2023 and 2024 subject to one-year delay if specified economic conditions are not met.*