

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
LEG	Yolanda Ho/x6-5989	N/A

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to taxation; delaying the effective date of the heating oil tax on heating oil service providers under Chapter 5.47 of the Seattle Municipal Code; and delaying the date of the Office of Sustainability and Environment’s first annual heating oil tax program status report.

Summary and background of the Legislation: Ordinance 125934 was passed in 2019, imposing a heating oil tax to take effect on September 1, 2020. Because of economic concerns as a result of the COVID-19 crisis and based on feedback from community organizations, the Council passed Ordinance 126144 in August 2020 to delay the effective date of the tax by one year to September 1, 2021. Recognizing that the pandemic continues to negatively impact residents, this legislation would extend the effective date delay by another six months from September 1, 2021, to April 1, 2022.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ___ Yes X No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? X Yes ___ No

Appropriation change (\$):	General Fund \$		Other \$	
	2021	2022	2021	2022
Estimated revenue change (\$):	Revenue to General Fund		Revenue to Other Funds	
	2021	2022	2021	2022
	(788,175)	871,230		
Positions affected:	No. of Positions		Total FTE Change	
	2021	2022	2021	2022

Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

This legislation would result in the City forgoing collecting an estimated \$1.3 million in revenues from the heating oil tax.

Is there financial cost or other impacts of *not* implementing the legislation?

If the legislation is not passed by the Council, the heating oil tax will go into effect on September 1, 2021.

3.b. Revenues/Reimbursements

This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2021 Revenue	2022 Estimated Revenue
General Fund 00100	OSE	Tax on sale of home heating oil	(788,175)	871,230
TOTAL			(788,175)	871,230

This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below. Do the revenue sources have match requirements? If so, what are they?

Is this change one-time or ongoing?

One-time, with annual updates to projected revenues and expenditures.

Revenue/Reimbursement Notes:

None.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

The Office of Sustainability and Environment (OSE) is responsible for overall program oversight and implementation and will receive tax revenues. The Office of Housing (OH) will be implementing the low-income conversions, funded by heating oil tax revenues. OSE will establish an MOU with OH for this work.

b. Is a public hearing required for this legislation?

No.

c. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

d. Does this legislation affect a piece of property?

No.

e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?

Delaying this tax is responsive to community concerns about adding additional financial burden to low- to middle-income households already impacted by the ongoing economic downturn caused by the COVID-19 civil emergency. Similar to the outreach process regarding last year's delay, OSE is anticipated to communicate this program change via a postcard to all Seattle residents with oil-heated homes, which would include an in-language statement providing a phone number to call for help getting the information translated.

f. Climate Change Implications

1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?

Forgoing heating oil tax revenues for another six months is expected to eliminate funding for 50 conversions from oil heat to electric heat pumps for low-income homes in 2021. While the greenhouse gas emissions (GHG) from this number of homes is relatively small, the intent of this tax is to accelerate the rate of conversions from oil heat to clean electric heat pump systems with the ultimate goal of eliminating oil heat systems by 2028, which currently account for about eight to nine percent of the Seattle's total GHG emissions. This delay could cause the City to fall short of achieving this goal.

2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.

No, though converting oil heat systems to electric heat pumps will add air conditioning and air filtration capacity to homes that may not currently have it, better preparing residents for hot weather and wildfire smoke, which are predicted to become more common as a result of global warming.

g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).

Not applicable.

List attachments/exhibits below:

None.