



SEATTLE CITY COUNCIL  
**CENTRAL STAFF**

# Budget Deliberations & Issue Identification **TRANSPORTATION NETWORK COMPANIES (TNCs):** Proposed Tax, Fee Reduction and Spending Resolution

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AMY GORE, ANALYST

SELECT BUDGET COMMITTEE | OCTOBER 18, 2019

# Background

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1. Previous Legislation
  - a. Ordinance 124524 (July 2014)
  - b. Ordinance 124968 (December 2015)
  - c. Resolution 31808 (December 2018)
  
2. Current Regulations
  - a. Licensing Fee
  - b. Wheelchair Accessible Services (WAS) Surcharge

# Proposed Legislation

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## 1. FAS Licensing Fee Reduction

- a. Reduce the FAS Licensing Fee from \$0.14 to \$0.08 per ride
- b. Authority to adjust the fee based on costs for administration and enforcement remains with the FAS Director
- c. The fee reduction would go into effect on July 1, 2020

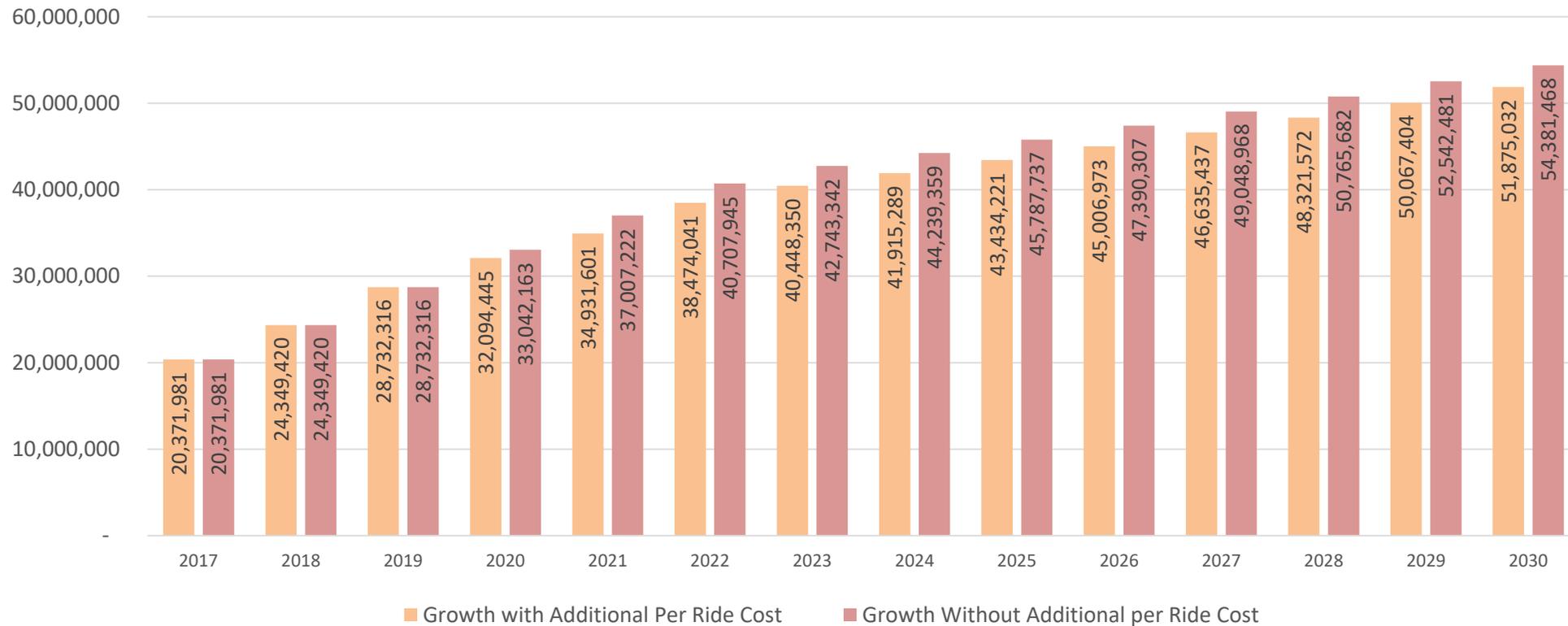
## 2. TNC Tax

- a. Create a \$0.57 tax for each TNC ride - \$0.51 tax and a \$0.06 supplemental tax
- b. Applies to TNCs with providing at least 1 million rides in the preceding quarter
- c. The tax would go into effect on July 1, 2020
- d. Includes brief intent statement related to the use of tax proceeds

# Proposed Legislation

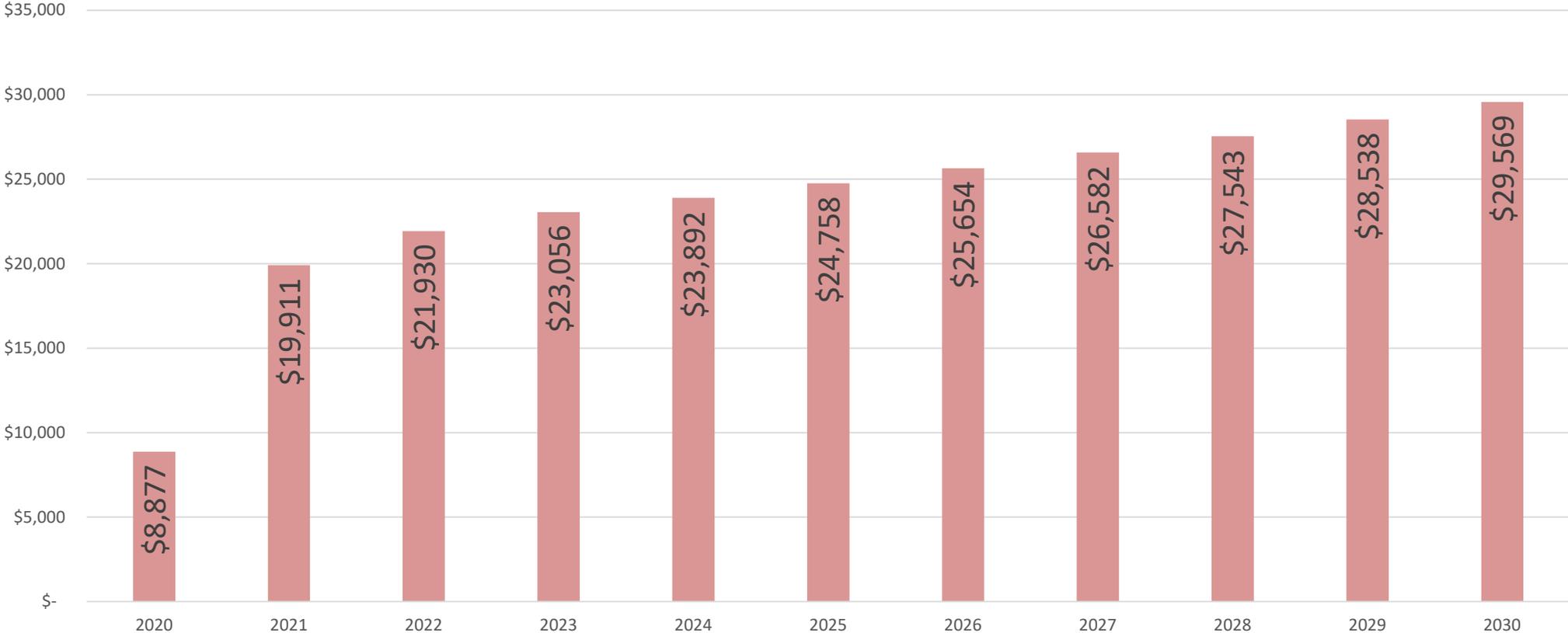
<b>Taxes &amp; Fees</b>	<b>Current</b>	<b>July 1, 2020 - Dec. 31, 2020</b>	<b>After Dec. 31, 2020</b>
FAS Licensing Fee	\$0.14	\$0.08	\$0.08
WAS Surcharge	\$0.10	\$0.10	\$0.10
Base Tax	\$0.00	\$0.51	\$0.51
Supplemental Tax*	\$0.00	\$0.06	\$0.06
<b>Total</b>	<b>\$0.24</b>	<b>\$0.75</b>	<b>\$0.75</b>
*Proposed Supplemental Tax Calculation		“amount equal to \$0.14 minus the total fees per ride imposed under subsection 6.310.150.B”	“the Director shall set the supplemental rate under this subsection 5.39.030.B.2 at \$0.06”

# Estimated TNC Rides\*



*\*Note: Ride estimates are based on CBO assumptions about the cost of a ride, including a \$0.57 cent tax and an additional \$4 per ride for minimum compensation, to be implemented in July of 2020 through additional legislation.*

# Estimated Tax Revenues

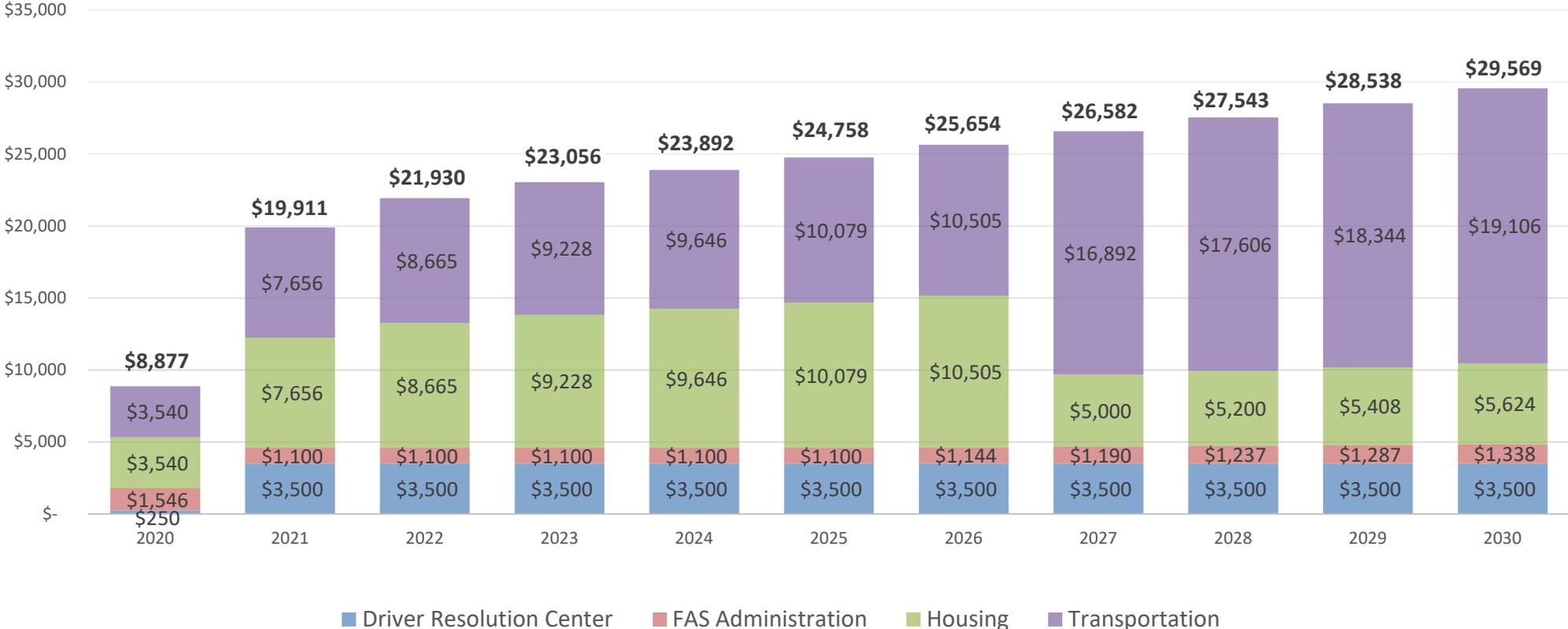


# Proposed Spending

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- 1. Administration of the TNC Tax and Regulations**
- 2. Driver Deactivation Center**
- 3. Affordable Housing**
- 4. Transportation**

# Proposed Spending (\$ in 1,000s)



# Issue Identification

1. Supplemental Rate and Taxing Authority
2. Total Amount of Tax and Tax Rate

Year	<b>\$0.32 Tax</b>		<b>\$0.57 Tax (As Proposed)</b>		<b>\$0.82 Tax</b>	
	Rides	Revenues	Rides	Revenues	Rides	Revenues
2020	32,154	\$5,002	32,094	\$8,877	32,035	\$13,497
2021	35,061	\$11,220	34,932	\$19,911	34,802	\$30,278
2022	38,614	\$12,356	38,474	\$21,930	38,334	\$33,351
2023	40,592	\$12,989	40,448	\$23,056	40,305	\$35,065
2024	42,061	\$13,459	41,915	\$23,892	41,770	\$36,340
2025	43,581	\$13,946	43,434	\$24,758	43,287	\$37,660
2026	45,156	\$14,450	45,007	\$25,654	44,858	\$39,026
2027	46,786	\$14,972	46,635	\$26,582	46,485	\$40,442
2028	48,474	\$15,512	48,322	\$27,543	48,169	\$41,907
2029	50,222	\$16,071	50,067	\$28,538	49,913	\$43,424
2030	52,032	\$16,650	51,875	\$29,569	51,718	\$44,995

\*Scenarios assume Council institutes a minimum wage which raise per ride costs by \$3.43.

# Issue Identification

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3. Structure of Tax
4. Applicability
5. Move Seattle Levy General Fund Floor
6. Spending Plan Resolution
7. Spending Priorities

# Budget Actions Proposed by Councilmembers

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1. Center City Streetcar Funding (Councilmember Herbold)

# Questions?