

2019 - 2020 Seattle City Council Green Sheet

Ready for Notebook

Tab	Action	Option	Version
12	2	A	1

Budget Action Title: Pass CB #####, amending regulations on short-term rental operators

Ongoing: No

Has CIP Amendment: No Has Budget Proviso: No

Primary Sponsor: Johnson, Rob

Councilmembers:

Staff Analyst: Aly Pennucci

Council Bill or Resolution:

Date	Total	BC	SB	TM	LG	BH	LH	RJ	DJ	MO	KS
	Yes										
	No										
	Abstain										
	Absent										

Budget Action description:

This green sheet recommends passage of Council Bill #####, amending regulations for short-term rental (STR) operators in the city. The legislation would extend an exemption to the limit on the number of dwelling units a STR operator can offer for STR use. Under the existing regulations, that go into effect on January 1, 2019, an operator can obtain a license to operate their primary residence plus one additional dwelling unit as a short-term rental. Within the core of Downtown, and units in certain building types in the First Hill/Capitol Hill Urban Center, units an operator offered for STR use prior to September 30, 2017, are exempt from this limit. This legislation would apply the exemption uniformly to all operators offering units for STR use prior to September 30, 2017. The intent is to provide more certainty that the revenue projections for the STR tax will be realized and sufficient to support proposed expenditures in 2019 and 2020.

Background

The proposed budget assumes that the STR Tax, that the State will begin collecting in 2019, will generate \$10.5 million in 2019. This is based on the State Department of Revenue’s estimates developed for the fiscal note to SSHB 2015. (SSHB 2015 modified the lodging excise tax under RCW 36.100.040 to remove the exemption for premises with fewer than 60 lodging units and to impose the tax on short-term rentals, directing revenue generated in Seattle to the City). The State's fiscal note relied on sales tax data remitted by short-term rental platform companies, but did not account for the potential downward pressure the City's local regulations, limiting short-term rental activity, would have on future revenues.