

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	Executive Contact/Phone:
LEG	Aly Pennucci / 4-8148	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

a. Legislation Title:

AN ORDINANCE repealing Ordinance 125442, which imposed a tax on short-term rental operators under Chapter 5.54 of the Seattle Municipal Code.

b. Summary and background of the Legislation:

This legislation, would repeal Ordinance 125442, thereby repealing the City's Short-term Rental Tax that would have been imposed under Chapter 5.54 of the Seattle Municipal Code beginning January 1, 2019. On March 23, 2018, the Governor signed [House Bill \(HB\) 2015](#), modifying the lodging excise tax under the Revised Code of Washington (RCW) 36.100.040 to remove the exemption for premises with fewer than sixty lodging units and to impose the tax on short-term rentals. As a result, the public facilities district that operates the Washington State Convention Center will impose the lodging tax under RCW 36.100.040 on short-term rentals in the City, and distribute those revenues to the City quarterly, if the City repeals the local tax.

2. CAPITAL IMPROVEMENT PROGRAM

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

If yes, please fill out the table below and attach a new (if creating a project) or marked-up (if amending) CIP Page to the Council Bill. Please include the spending plan as part of the attached CIP Page. If no, please delete the table.

3. SUMMARY OF FINANCIAL IMPLICATIONS

a. Does this legislation amend the Adopted Budget? ___ Yes x No

If there are no changes to appropriations, revenues, or positions, please delete the table below.

b. 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?

If so, describe the nature of the impacts. This could include increased operating and maintenance costs, for example.

The legislation will repeal the short-term rental tax authorized by Ordinance 125442, which would allow the City to receive revenues collected by the public facilities district that operates the Washington State Convention Center. Repealing the tax will eliminate the \$2.8 million in costs associated with implementation of City's Short-term rental tax.

The estimated revenue that was expected to be generated in 2019 from the local tax was \$6,000,000. This estimate assumed that there would be 600,000 short-term rental nights booked in 2019, based on data obtained from Airdna in March 2017. A more conservative estimate would be \$3.6 million in revenue in 2019 (this assumes that the City would achieve 60 percent compliance in the first year of the tax). The estimated revenue that is expected to be generated in 2019 from the tax authorized by HB 2015 - 2017-18 is approximately \$5,000,000 if 100 percent compliance is achieved. A more conservative estimate would be \$3 million in revenue in 2019 (this assumes that 60 percent compliance is achieved in the first year of the tax).

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

No

4. OTHER IMPLICATIONS

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

If so, please list the affected department(s) and the nature of the impact (financial, operational, etc.).

No

b. Is a public hearing required for this legislation?

If yes, what public hearing(s) have been held to date, and/or what public hearing(s) are planned/required in the future?

No

c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

If yes, please describe the measures taken to comply with RCW 64.06.080.

No

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

No

e. Does this legislation affect a piece of property?

No

f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?

The removal of the local tax and imposition of the tax authorized by HB 2015 will result in a more equitable application of a tax. The local tax was a flat rate applied per night resulting while the tax proposed under HB 2015 is based on a percentage of the nightly rental rate.

- 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)?**

This legislation does not itself have long-term and measurable goals. However, the revenue distributed to the City from the public facilities district will be used to support affordable housing and community-initiated equitable development programs.

- h. Other Issues:**

List attachments/exhibits below: