2019 - 2020 Seattle City Council Green Sheet

Ready for Notebook

Tab	Action	Option	Version				
29	1	A	1				
Budget A	ction Title:	Ac	lopt CB ###	##, legislati	on establishing a short-t	erm rental tax	
Ongoing:		Ye	S				
Has CIP Amendment:		No)		Has Budget Proviso:	No	
Primary S	ponsor:	0'	Brien, Mike				
Councilmembers:		Go	González; Herbold				
Staff Anal	yst:	Al	y Pennucci				

Council Bill or Resolution:

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

Budget Action description:

This green sheet recommends adoption of Council Bill ######. This legislation creates a fund for revenues remitted from the Washington State Convention Center Public Facilities District that are generated from short-term rental activity (STR Tax) in the city. This fund would ensure that monies deposited into this fund are expended in areas intended by the City Council in accordance with the statutory restrictions on the spending of the tax revenues. The fund would include explicit restrictions ensuring that the first \$5,000,000 of revenues generated from the STR Tax go to EDI grants.

Background:

In November 2017, the Council adopted Ordinance 125422, that imposed a per night tax on each short-term rental operator in the City of Seattle. The ordinance outlined the Council's intent to direct the proceeds from the short-term rental tax, after covering one-time costs for implementation, ongoing administration costs, and offsetting the cost of implementing and administering the short-term rental regulatory license, as follows:

- 1. The first \$5,000,000 of net proceeds, after monies spent for implementation and administration, shall be applied to investments in community-initiated equitable development projects;
- 2. The next \$2,000,000 of net proceeds shall be applied to investments in affordable housing; and

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3. The remainder of net proceeds shall be used to support community-initiated equitable development projects, including the affordable housing component of those projects.

Within King County, a lodging excise tax, often described as the Convention and Trade Center Tax, is imposed on lodging businesses that have 60 or more units. This tax is collected by the Public Facilities District (PFD) that operates the Washington State Convention Center. In March 2018, the state adopted <u>SSHB 2015</u>, that extended the authority for the Convention and Trade Center Tax to include short-term rentals. The state bill requires that any tax revenue generated from short-term rentals within Seattle be directed to the City provided that the City repeals any local tax that existed at the time SSHB 2015 was approved. In June 2018, the Council adopted <u>Ordinance 125594</u>, repealing the local tax. SSHB 2015 specifies that STR Tax revenue generated in Seattle is to be used by the City to support community-initiated equitable development projects and affordable housing programs.