

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

..title

AN ORDINANCE related to funding for the Equitable Development Initiative and affordable housing; creating a fund for short-term rental tax revenue.

..body

WHEREAS, on November 13, 2017, the City Council passed Ordinance 125442, authorizing a tax on every person engaging within Seattle in the business of being a short-term rental operator, with specific direction on how the proceeds generated from the short-term rental tax should be expended; and

WHEREAS, on March 23, 2018, the Governor signed House Bill (HB) 2015, modifying 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; and

WHEREAS, HB 2015 requires that a public facilities district within a county with a population of 1,500,000 or more must make quarterly payments to a city in which a convention and trade center is located from tax revenue from short-term rentals collected by a public facilities district only if: (1) the city had authorized on or before December 31, 2017, a tax on engaging in the business of being a short-term rental operator; and (2) the city has repealed the ordinance authorizing a tax on engaging in the business of being a short-term rental operator; and

WHEREAS, as a result of HB 2015, 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 Seattle and, in order to receive the tax revenue from short-term rentals as authorized by HB 2015,

1 WHEREAS, as a result of HB 2015, the public facilities district that operates the Washington
2 State Convention Center will impose the lodging tax under RCW 36.100.040 on short-
3 term rentals in Seattle; and

4 WHEREAS, in order to receive the tax revenue from short-term rentals as authorized by HB
5 2015, on June 4, 2018, the City Council passed Ordinance 125594, thereby repealing
6 Ordinance 125442, repealing the City’s short-term rental tax that would have been
7 imposed under Chapter 5.54 of the Seattle Municipal Code beginning January 1, 2019;
8 and

9 WHEREAS, HB 2015 requires that the payments made to a city must be used to support
10 community-initiated equitable development and affordable housing programs, as
11 determined by the city in its sole discretion; NOW, THEREFORE,

12 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

13 Section 1. A new Short-Term Rental Tax Fund is created in the City Treasury effective
14 January 1, 2019, to which proceeds remitted to The City of Seattle (“City”) from the Washington
15 State Convention Center Public Facilities District (“District”), from revenues collected by the
16 District derived from short-term rental activity within the City, must be deposited, and from
17 which expenditures may be paid for the purposes described in Section 2 of this ordinance. The
18 purpose of creating the Short-Term Rental Tax Fund is to separately account for revenues
19 received from the District and expended by City departments.

20 Section 2. The new Short-Term Rental Tax Fund shall receive revenues from the
21 payments made to the City from the District from revenue collected from short-term rentals in
22 Seattle. In accordance with HB 2015, the services funded by the proceeds of the short-term rental
23 tax shall support investments in affordable housing programs and community-initiated equitable

1 development projects, including but not limited to projects described in Resolution 31711. The
2 proceeds shall be used as follows:

3 A. In 2019, the proceeds shall be used as follows:

4 1. The first \$5,000,000 of proceeds shall be directed to the Office of
5 Planning and Community Development for grants made to organizations for investments in
6 community-initiated equitable development projects;

7 2. Up to \$4,734,000 of the remaining funds may be directed to the Human
8 Services Department to support investments in permanent supportive housing and homelessness
9 prevention services; and

10 3. The remaining funds may be directed to debt service payments on bonds
11 issued for affordable housing projects or applied to grants made to organizations for investments
12 in community-initiated equitable development projects, including the affordable housing
13 component of those projects.

14 B. In 2020 and beyond, the proceeds shall be used as follows:

15 1. The first \$5,000,000 of proceeds shall be directed to the Office of
16 Planning and Community Development for grants made to organizations for investments in
17 community-initiated equitable development projects;

18 2. The next \$2,200,000 of proceeds shall be directed to the Office of Housing
19 for investments in new affordable housing projects or directed to debt service payments on bonds
20 issued for affordable housing projects; and

21 3. The remaining proceeds shall be applied to grants made to organizations
22 for investments in community-initiated equitable development projects, including the affordable
23 housing component of those projects.

1 Section 3. The Director of Finance is authorized to create other Accounts, or Subaccounts
2 as may be needed to implement the Fund’s purpose and intent as established by this ordinance.

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1 Section 4. This ordinance shall take effect and be in force 30 days after its approval by
2 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
3 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

4 Passed by the City Council the _____ day of _____, 2018,
5 and signed by me in open session in authentication of its passage this _____ day of
6 _____, 2018.

7 _____
8 President _____ of the City Council

9 Approved by me this _____ day of _____, 2018.

10 _____
11 Jenny A. Durkan, Mayor

12 Filed by me this _____ day of _____, 2018.

13 _____
14 Monica Martinez Simmons, City Clerk

15 (Seal)