



SEATTLE CITY COUNCIL
CENTRAL STAFF

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

AMY GORE, ANALYST

SELECT BUDGET COMMITTEE | OCTOBER 18, 2019

Background

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

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

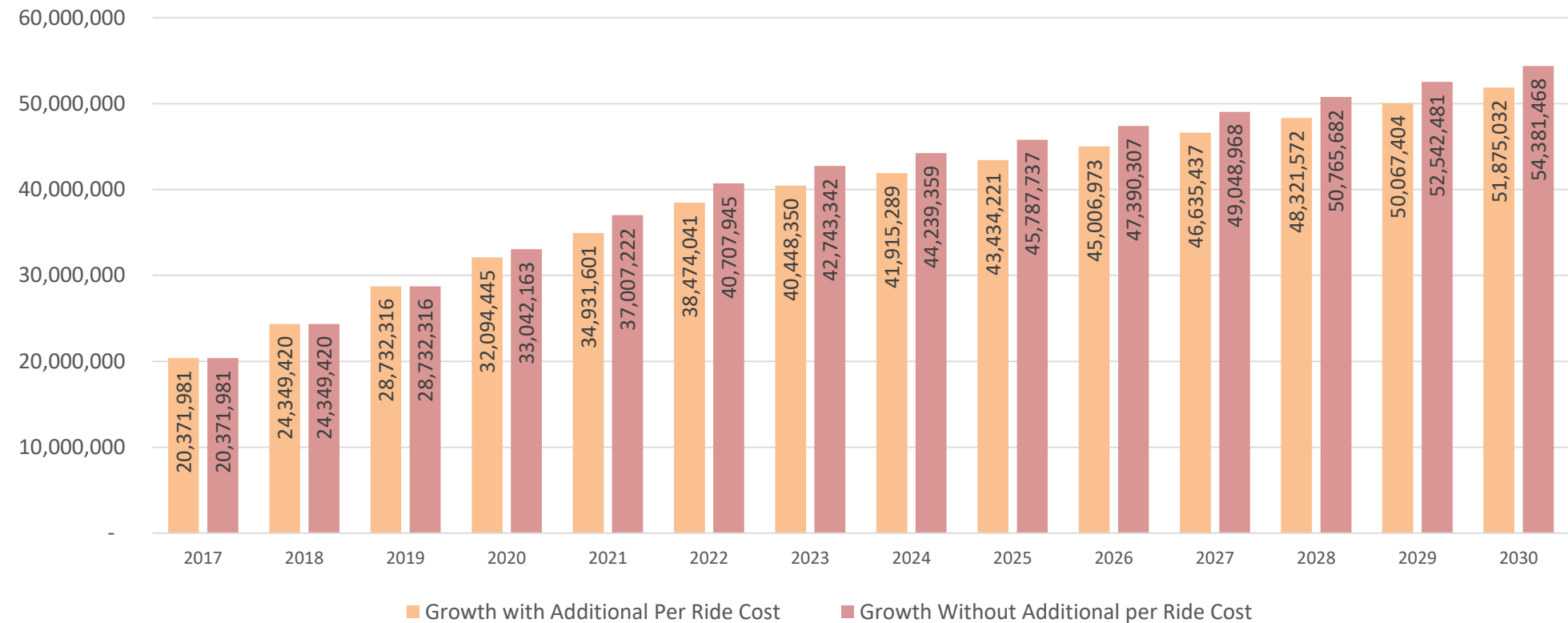
2. TNC Tax

- 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

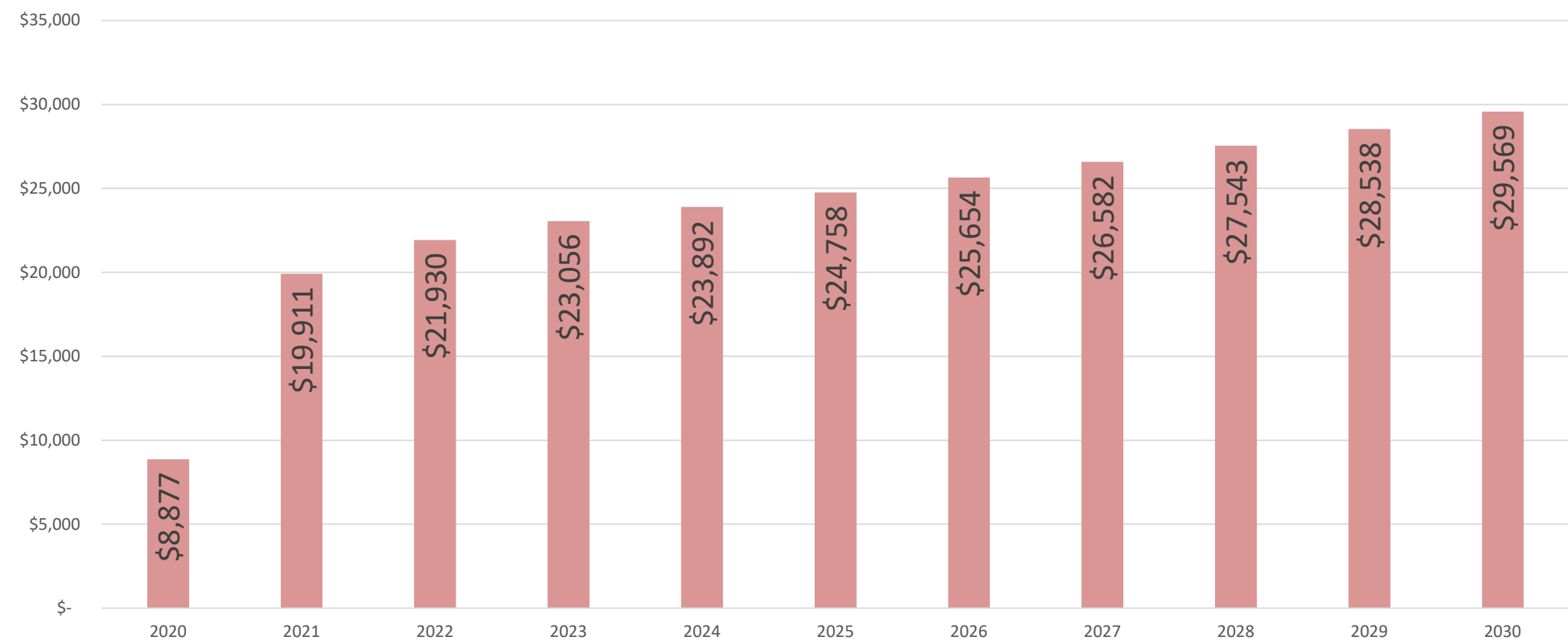
| Taxes & Fees | Current | July 1, 2020 - Dec. 31, 2020 | After Dec. 31, 2020 |
|--|----------------|---|---|
| FAS Licensing Fee | \$0.14 | \$0.08 | \$0.08 |
| WAS Surcharge | \$0.10 | \$0.10 | \$0.10 |
| Base Tax | \$0.00 | \$0.51 | \$0.51 |
| Supplemental Tax* | \$0.00 | \$0.06 | \$0.06 |
| Total | \$0.24 | \$0.75 | \$0.75 |
| *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.*

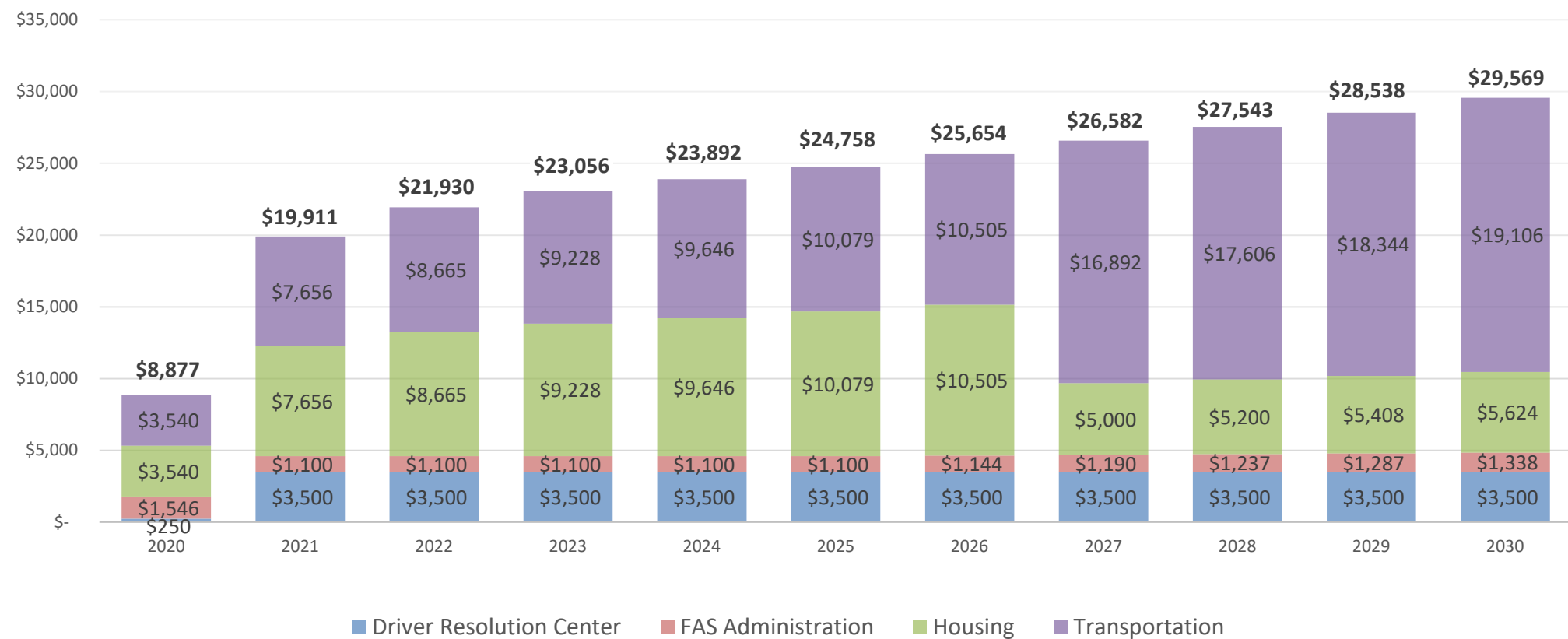
Estimated Tax Revenues



Proposed Spending

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

| | \$0.32 Tax | | \$0.57 Tax (As Proposed) | | \$0.82 Tax | |
|---|-------------------|----------|---------------------------------|----------|-------------------|----------|
| Year | 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

- 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

1. Center City Streetcar Funding (Councilmember Herbold)

Questions?