

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
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** 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

Legislation Title: An Ordinance establishing a spending plan for the proceeds generated from the payroll expense tax authorized by the ordinance introduced as Council Bill xxxxxx to fund immediate cash assistance for low-income households impacted by the COVID-19 crisis in 2020 and the development of social housing that is permanently affordable, high-quality, and energy-efficient, to fund housing-related components of Seattle’s Green New Deal as articulated in Resolution 31895, and to fund other investments; establishing a Social Housing Board and amending the duties of the Green New Deal Oversight Board to make funding recommendations; establishing a requirement for an Implementation Plan; adding a new Section 3.14.750 to, and amending Section 3.14.979 of, the Seattle Municipal Code; and amending Ordinance 126000, which adopted the 2020 Budget; changing appropriations to various departments and budget control levels, and from various funds in the 2020 Budget; declaring an emergency; and establishing an immediate effective date; all by a ¾ vote of the City Council.

Summary and background of the Legislation: This Council Bill would adopt a proposed 5-year spending plan for the new payroll expense tax authorized by the ordinance introduced as Council Bill [REDACTED]. This tax is expected to generate an average of \$500 million annually (adjusted by inflation). The new tax would be authorized beginning June 1, 2020 but would not begin collection until 2021. Specifically, the bill:

1. Appropriates \$200 million generated through an Interfund Loan authorized by Council Bill [REDACTED] to provide emergency cash assistance in 2020 for up to 100,000 low-income households including those that have lost income directly as a result of the coronavirus crisis.
2. Directs the first \$205 million in 2021 to repay principal and interest on the Interfund Loan.
3. Directs 5% of the revenue in 2021 and 3% in all subsequent years for start-up and ongoing administration costs.
4. Direct s75% of the remaining revenue for investments to build up to 10,800 units of new social housing in the first 10 years.
5. Direct 25% of the remaining revenue for investments in housing-related strategies called for in Seattle’s Green New Deal (GND).

This new tax will support immediate cash assistance for those impacted by the COVID-19 crisis in 2020 and the development of social housing and housing-related components of Seattle’s Green New Deal in 2021 and beyond. Below are further details on the spending

associated with this new payroll tax in 2020 and the next five years. This legislation includes an emergency clause and, if adopted, would go into effect immediately.

1. Spending Plan for 2020

Emergency Cash Assistance (2020 only)

In response to the economic impacts of the COVID-19 crisis, the spending plan for the proposed tax on corporate payroll would direct up to \$200 million dollars in 2020 for emergency cash assistance to low-income households. The \$200 million would support up to 100,000 households with \$500 payments per month over four months in 2020.

To distribute the emergency cash assistance as quickly as possible, the intent is to build on the Emergency Grocery Voucher Program by distributing cash to households currently enrolled in existing assistance programs (e.g., the Utility Discount Program, Fresh Bucks, etc.). Fifty percent of the funds (\$100 million) will be distributed to low-income households enrolled in existing City assistance programs, or State assistance programs administered by the City.

The remaining 50% of the funds (\$100 million) will be distributed to those impacted by the COVID-19 crisis but not enrolled in existing assistance programs. These funds would be prioritized for distribution to low-income households including, but not limited to, those who are:

- unemployed or had their work hours severely reduced;
- seniors;
- immigrants and refugees,
- at risk of deportation;
- experiencing homelessness or lack a permanent address;
- households with language barriers;
- experiencing domestic violence; and
- low-income households not enrolled in existing assistance programs.

After distributing the first of the four payments, any unallocated funds may be distributed to either households enrolled in existing City assistance programs or to the priority households listed above.

2. Spending Plan (by Category) for 2021 and Beyond

In 2021, approximately \$205 million will be used to repay the principal and interest owed on the IFL for direct cash assistance in 2020. After repayment of the IFL in 2021, the annual spending of the new tax will be as described below.

After accounting for start-up and ongoing administrative costs, 75% of the anticipated revenue would be dedicated to developing and acquiring social housing affordable to households with incomes from zero to 100% of AMI, and to provide services for Permanent Supportive Housing (PSH) units. The remaining 25% of the tax revenue, after startup and administrative costs, would support implementation of select housing-related strategies identified in Seattle's Green New Deal (GND) [Resolution 31895](#).

Social Housing Investments

Depending on the mix of housing investments, the new revenue could provide \$1.8 billion for about 5,600 housing units by year five and \$4 billion for about 10,809 housing units by year 10. In addition, \$70 million could support the operating and service costs for about 1,400 PSH units by year five and \$382 million for about 3,393 PSH units by year 10.

A new Social Housing Board is proposed that would guide and oversee all housing development and preservation investments. The 21-member board would include three representatives from each Council district; members will include renters and homeowners, individuals from historically underrepresented groups, as well as individuals with housing development and finance experience.

Green New Deal Investments

The following housing-related strategies identified in the GND resolution would be prioritized for funding:

- Investments to convert residential housing units from natural gas and heating oil to electric heat;
- Weatherization of existing residences;
- Solar installations; and
- Investing in job training programs to equip workers with skills needed in the green economy and assist workers whose jobs currently depend on the fossil fuel industry to transition to a green economy.

Further, the investments in housing development and preservation are consistent with the following housing-related strategies identified in the GND resolution:

- Create more affordable housing located near transit hubs, green space, and neighborhood amenities to reduce dependence on private vehicles;
- Use anti-displacement strategies and alternative housing models, such as: acquisition of existing affordable housing in areas at risk of displacement, community-owned cooperative housing, community land ownership, etc.; and
- Increase housing density to meet current unmet demand for affordable housing and projected future population growth.

The GND Oversight Board established by [Ordinance 125926](#) would guide and oversee the proposed investments in GND housing-related strategies. The Board would invite workers who are employed by the fossil fuel industry, or those in jobs that may be displaced due to the implementation of this spending plan, along with their unions, to coordinate on “just” transition recommendations to minimize economic harm to affected workers.

2. CAPITAL IMPROVEMENT PROGRAM

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.

Project Name:	Project I.D.:	Project Location:	Start Date:	End Date:	Total Project Cost Through 2023:

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? Yes No

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

Appropriation change (\$):	General Fund \$		Other \$	
	2019	2020	2019	2020
		\$200,000,000		
Estimated revenue change (\$):	Revenue to General Fund		Revenue to Other Funds	
	2019	2020	2019	2020
Positions affected:	No. of Positions		Total FTE Change	
	2019	2020	2019	2020

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?

Yes. There will be costs associated with distributing the cash assistance in 2020. In addition, there will also be costs associated with the preparation of the Implementation Plan for the spending of the tax that must be developed in 2020 by the Executive in consultation with the City Council. These costs will need to be addressed in a 2020 supplemental budget ordinance.

In addition, there will be costs associated with collection of the new tax and expenditure of the funds anticipated from this tax. The 5-year spending plan included in Attachment 1 to the proposed legislation assumes that up to five percent of the revenue in year one and up to three percent of the revenue in subsequent years generated from the new tax on corporate payroll will be used to cover the start-up and ongoing administrative costs.

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

The City is under a declared emergency and experiencing a significant homelessness and affordable housing crises and issues on climate change. The proposed funding and programs attempt to provide additional resources to address these problems.

3.a. Appropriations

N/A **This legislation adds, changes, or deletes appropriations.**

If this box is checked, please complete this section. If this box is not checked, please proceed to Revenues/Reimbursements.

Fund Name and number	Dept	Budget Control Level Name/#*	2019 Appropriation Change	2020 Estimated Appropriation Change
TOTAL				

*See budget book to obtain the appropriate Budget Control Level for your department.

This table should reflect appropriations that are a direct result of this legislation. In the event that the project/programs associated with this ordinance had, or will have, appropriations in other legislation please provide details in the Appropriation Notes section below. If the appropriation is not completely supported by revenue/reimbursements listed below, please identify the funding source (e.g. available fund balance) to cover this appropriation in the notes section. Also indicate if the legislation changes appropriations one-time, ongoing, or both.

Is this change one-time or ongoing?

Please explain any complicated scenarios – e.g. three-year funding agreement but not permanent ongoing.

Appropriations Notes:

3.b. Revenues/Reimbursements

N/A **This legislation adds, changes, or deletes revenues or reimbursements.**

If this box is checked, please complete this section. If this box is not checked, please proceed to Positions.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2019 Revenue	2020 Estimated Revenue
TOTAL				

This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below. Do the revenue sources have match requirements? If so, what are they?

Is this change one-time or ongoing? Proposed tax will be ongoing beginning in June 1, 2020

Revenue/Reimbursement Notes:

3.c. Positions

N/A **This legislation adds, changes, or deletes positions.**

If this box is checked, please complete this section. If this box is not checked, please proceed to Other Implications.

Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:

Position # for Existing Positions	Position Title & Department*	Fund Name & #	Program & BCL	PT/FT	2019 Positions	2019 FTE	Does it sunset? (If yes, explain below in Position Notes)
TOTAL							

* List each position separately

This table should only reflect the actual number of positions created by this legislation. In the event that positions have been, or will be, created as a result of previous or future legislation or budget actions, please provide details in the Notes section below.

Position Notes:

4. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?**
 Yes. Office of Housing, Office of Sustainability and Environment, Finance and Administrative Services, possibly Human Services Department.
- b. Is a public hearing required for this legislation?** No
 If yes, what public hearing(s) have been held to date, and/or what public hearing(s) are planned/required in the future?
- c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?** No
- d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?** No
 For example, legislation related to sale of surplus property, condemnation, or certain capital projects with private partners may require publication of notice. If you aren't sure, please check with your lawyer. If publication of notice is required, describe any steps taken to comply with that requirement.
- e. Does this legislation affect a piece of property?** No
 If yes, and if a map or other visual representation of the property is not already included as an exhibit or attachment to the legislation itself, then you must include a map and/or other visual representation of the property and its location as an attachment to the fiscal note. Place a note on the map attached to the fiscal note that indicates the map is intended for illustrative or informational purposes only and is not intended to modify anything in the legislation.
- 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? What is the Language Access plan for any communications to the public?**

The proposed spending plan is intended to support those who have traditionally benefitted the least from public investments, including: immigrant and refugees, people of color, those with language and other institutional barriers to accessing government services. This

legislation supports the City's goals to alleviate poverty, reduce climate change and reliance on fossil fuels, and advance racial equity.

- 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).**

See Attachment 1 to the Ordinance that describes the intended spending and goals for outcomes associated with proposed spending plan,