

SUMMARY and FISCAL NOTE*

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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 relating to the City Light and Seattle Public Utilities Departments; temporarily removing the charge of interest on delinquent utility consumption and utilization accounts; superseding several sections under Title 21 that authorize and require the collection of interest on delinquent utility consumption and utilization accounts; and ratifying and confirming certain prior acts.

Summary and background of the Legislation:

The COVID-19 outbreak presents risk of severe negative economic effects on the national and regional economy, particularly for small businesses and workers in sectors of the Seattle-area economy who cannot work remotely. As a result, both the State and the City declared an emergency and are implementing a variety of measures to help people and business during the period of public response and mitigation. One measure is providing utility bill relief to vulnerable populations and small businesses.

This ordinance would temporarily suspend requirements for interest charges and late payment fees for all residential customers, non-profit organizations and businesses with taxable gross receipts of less than \$5 million. This approach will provide a consistent temporary policy towards relief from the collection of interest on delinquent utility consumption and utilization policy and is intended to help residential, non-profit, and small business customers of the utilities. The financial threshold for small businesses is consistent with City's B&O tax deferral program. The Department of Finance and Administrative Services, Seattle City Light, and Seattle Public Utilities will work together to maintain a database of qualifying businesses.

Per the proposed ordinance, the suspension of interest charges and late payment fees will remain in effect until either the termination of the civil emergency proclaimed by the Mayor, or January 1, 2022, whichever is earlier. Ordinance 126058, which initially suspended these charges and fees, expired August 1, 2020; and, later Ordinances 126182 and 126254 extended the suspension to January 1st, 2021, and June 30th, 2021, respectively.

2. CAPITAL IMPROVEMENT PROGRAM

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

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? Yes No

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. Both utilities pay City taxes on revenues, so this legislation will also proportionately reduce revenue for the City General Fund by an estimated \$372,000 (SCL) + \$271,000 (SPU) = \$643,000.

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

None that aren't described elsewhere in this fiscal note.

3.a. Appropriations

This legislation adds, changes, or deletes appropriations.

3.b. Revenues/Reimbursements

This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

This table shows the anticipated reduction to revenue as a result of this legislation:

Fund Name and Number	Dept	Revenue Source	2020 Revenue	2021 Estimated Revenue
Light - 41000	SCL	Interest and Late Fees	-\$1,400,000 ¹	-\$6,200,000
SPU – Water 43000	SPU	Interest and Late Fees	-\$260,833	-\$626,000
SPU – Drainage & Wastewater 45000	SPU	Interest and Late Fees	-\$290,385	-\$697,000
SPU – Solid Waste 45010	SPU	Interest and Late Fees	-\$388,889	-\$934,000
TOTAL			-\$2,340,107	-\$8,457,000

¹Anticipated reduction represents 2020 planned revenues. Actual foregone revenue would be higher given increase in overdue customer accounts receivable balances.

Is this change one-time or ongoing?

This change is temporary and will sunset either upon termination of the civil emergency proclaimed by the Mayor or on January 1, 2022, whichever is soonest.

Revenue/Reimbursement Notes:

In addition to the revenue reduction directly attributable to interest charges and late fees, this policy change in conjunction with suspending shut offs and offering payment deferrals will increase revenue risk for both utilities and the general fund through tax revenue. Both utilities will monitor to assess risk and fiscal impacts.

3.c. Positions

_____ This legislation adds, changes, or deletes positions.

4. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?**
Both utilities pay City taxes on revenues, and this legislation will also proportionately reduce revenue for the City General Fund.
- b. Is a public hearing required for this legislation?**
No.
- 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.
- 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? What is the Language Access plan for any communications to the public?**
This legislation should have a positive impact on locally-owned businesses, non-profits, and on disadvantaged communities. Language access provision can be developed to lower barriers to access for non-English speakers.
- 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).**
N/A

List attachments/exhibits below: None.