

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact:	CBO Contact:
Office of Economic Development	Phillip Sit	Nick Tucker

** 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 Seattle Tourism Improvement Areas; establishing a new 15-year business improvement area to be known as the Seattle Tourism Improvement Area; levying special assessments upon owners of businesses offering transient accommodations with 60 or more rooms within the area; providing for the deposit of revenues in a special account and expenditures therefrom; providing for collection of and penalties for delinquencies; providing for the establishment of a Ratepayers Advisory Board; providing for an implementation agreement with a Program Manager; disestablishing the existing Seattle Tourism Improvement Area that was established by Ordinance 123714 (“2011 STIA”) and later modified by Ordinance 126552; suspending the issuance of special assessments and providing for the continuity of services under the 2011 STIA; providing for the transfer of any remaining funds from the 2011 STIA Account; and ratifying and confirming certain prior acts.

Summary and background of the Legislation:

This Ordinance disestablishes the current Seattle Tourism Business Improvement Area (2011 STIA) and establishes a new Business Improvement Area to be known as the Seattle Tourism Improvement Area (STIA) under RCW 35.87A. The Seattle Tourism Improvement Area is expected to be funded by a special assessment levied on the owners of all hotels, inns, and similar businesses offering transient accommodations with 60 or more rooms within its boundaries. The City would contract with a program manager to administer the activities set out in the Seattle Tourism Improvement Area Business Plan. The STIA’s program manager will be overseen by a Ratepayers Advisory Board, which would be broadly representative of the ratepayers within the Seattle Tourism Improvement Area.

The existing 2011 Seattle Tourism STIA was established in 2011 by Ordinance 123714 and modified in 2022 by Ordinance 126552. While Ordinance 123714 specified that the 2011 STIA’s assessments would not expire, the Advisory Board, Ratepayers and Program Manager wish to reestablish the STIA in order to expand the permitted uses of STIA revenues to include promotion, advertising, sales and marketing activities intended to encourage leisure tourism as well as group tourism (i.e., the hosting and attending of meetings and events), and to adopt a different monthly assessment formula.

This ordinance is the final piece of legislation required to create a new Seattle Tourism Improvement Area, as required by chapter 35.87A RCW. The City Council passed a resolution of intention to disestablish the 2011 STIA, a resolution to initiate the formation of the Seattle Tourism Improvement Area, as well as a resolution of intention to establish the Seattle Tourism

Improvement Area which included the date and place of a public hearing. After the public hearing, the City Council agreed to go forward with this ordinance.

The Seattle Tourism Improvement Area would be established for the duration of fifteen years, with the base year being 2024. The Seattle Tourism Improvement Area believes its proposal is efficient, accountable, and responsive to the Ratepayers' needs. The group collected signatures for a petition to form the Seattle Tourism Improvement Area that will fund domestic and international tourism promotion, advertising, sales, and marketing activities (including, without limitation, the creation of a standing limited reserve solely to fund any such activities that arise unexpectedly from year to year) intended to encourage both leisure tourism and group tourism (e.g., the hosting and attending of meetings and events) in Seattle in order to increase hotel occupancies within the area. Promotion, advertising, sales, and marketing services include but are not limited to, strategic planning, market research, creative development, media placement, sales activities, hosting tourism industry events relating to promotion and marketing, and administrative and management support for such services.

City staff followed RCW 35.87A.010, and calculated the estimated special assessments that each Lodging Business would pay, by signed petitions and percentage of support as assigned by the Office of Economic Development based on 2022 assessments for the entire proposed Seattle Tourism Improvement Area, and the result was over 72 percent in approved and validated petitions, which exceeds the threshold of 60 percent stated in RCW 35.87A.010;

Assessments will commence as of January 1st, 2024, or the effective date of the ordinance, whichever is later. The Seattle Tourism Improvement Area will be overseen by a Ratepayers' Advisory Board, which would be broadly representative of the proposed ratepayers.

2. CAPITAL IMPROVEMENT PROGRAM

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

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes X 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?

No, the Seattle Tourism Improvement Area (STIA) would be established as a revenue-neutral program.

Are there financial costs or other impacts of *not* implementing the legislation?

If the Seattle Tourism Improvement Area (STIA) legislation is not implemented, it would potentially result in the failure of the tourism element of the Downtown Activation Plan, the success of the Seattle Convention Center and erode the revenue and tax base generated by the hotels within the STIA service area.

4. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?**
Treasury Services in the Office of City Finance administers the assessments for the STIA. OED has worked in close coordination with Treasury on this legislation package. Treasury will collect the STIA assessments from its ratepayers. Treasury holds the funds solely for the purpose of reimbursing the Program Manager for administering staffing, projects, and other costs associated with the STIA.
- b. Is a public hearing required for this legislation?**
Yes, the public hearing date is set in the companion STIA Intention to Establish resolution and was held on [REDACTED] as required by RCW 35.87A.040.
- c. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**
Yes. The companion STIA intention to establish resolution was published to give notice of the public hearing for the proposed Council Bill.
- d. Does this legislation affect a piece of property?**
Please see Attachment A to the Ordinance: Proposed STIA Boundaries
- e. 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 Seattle Tourism Improvement Area is not expected to have adverse disproportionate impacts on vulnerable and historically disadvantaged communities in the district. OED will complete a RET on the outreach process on the STIA renewal.
- f. Climate Change Implications**
- 1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?**
No.
 - 2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.**
No.
- 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)?**
Summary Exhibit A, the STIA Business Plan, expands on the goals of the STIA.

Summary Attachments:

Summary Exhibit A - Proposed STIA Business Plan Summary