

# 2023 Seattle City Council Budget Action

Council Budget Action: Agenda

Tab	Action	Option	Version
CBO	500	A	001-2023

**Budget Action Title:** Pass CB 120463 to provide temporary flexibility on use of certain City funds to balance the City's budget over the 2023-2024 biennium

Ongoing: No Has Budget Proviso: No

Has CIP Amendment: No Has Attachment: No

Primary Sponsor: Teresa Mosqueda

Council Members:

Staff Analyst: Aly Pennucci

Council Bill or Resolution:

Date		Total	LH	TM	KS	AP	DJ	DS	AL	BC	SN
	Yes	0									
	No	0									
	Abstain	0									
	Absent	0									

**Budget Action Description:**

This Council Budget Action (CBA) would:

- Reject the Mayor's proposed permanent changes to existing policies that establish the allowed use of proceeds from the JumpStart Payroll Expense Tax, Short-term Rental (STR) tax, and the Transportation Network Company (TNC) tax.

- Recommend passage of legislation that would provide temporary flexibility on use of JumpStart, STR, and TNC tax proceeds.

This legislation would allow flexibility on the use of these funds only to balance the 2023-2024 biennium. Specifically, the temporary provisions would allow for the following:

1. JumpStart Fund:

- a. Allow a transfer from the JumpStart Fund of to the GF of \$100.6 million in 2023 and \$85 million in 2024, using \$29.4 millions of higher than anticipated 2022 revenues, \$71 million of 2023 projected revenues, and \$84 million of 2024 projected revenues, to support GF expenditures over this biennium.

- b. Allow use of the JumpStart Fund temporarily to prevent certain program reductions and preserve city services for specific expenditures. In 2025 and beyond, the source of funds for those programs and services should revert to the original funding source (in most if not all cases that will be the general fund).

2. TNC Tax Revenues: in 2023 and 2024, allow TNC tax proceeds to be used only to administer the tax and to support transportation related expenditures. After this biennium, the TNC tax proceeds could also be used to support investments in affordable housing near frequent transit as described in Resolution 31914.

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3. Short-term Rental Tax Fund: Temporarily modify the policies for 2023 and 2024 to require that only the first \$4.4 million (rather than the first \$5 million per existing policies) of STR Tax proceeds be allocated to the Equitable Development Initiative (EDI); remaining proceeds would be allocated consistent with the proposed budget and existing STR Fund policies: \$2 million for debt service payments on bonds issued for affordable housing projects and \$3.5 million to the Human Services Department to support investments in permanent supportive housing (PSH) services. If the Council identifies other resources to support the PSH services this flexibility will not be needed, and the section would be removed from the legislation.

The temporary provisions would allow the City to balance the GF budget over the 2023-2024 biennium and provide time for the Revenue Stabilization Workgroup to make recommendations on new progressive revenues the City could implement to support GF expenditures, and for the City to continue to look for efficiencies to reduce ongoing GF spending. The directive is to identify other strategies, that do not rely on use of these revenues with defined spend plans that were established for specific uses, to maintain city services and expand programs and services to meet the needs of the community. See Attachment A to this CBA to review a draft of the proposed legislation.