

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
Mayor's Office	Kylie Rolf / 4-9281	Arushi Kumar / 4-0225

** 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 taxation; amending the transportation network company (TNC) tax threshold for number of trips under Section 5.39.050 of the Seattle Municipal Code.

Summary and background of the Legislation: In November 2019, the City passed Ordinance 125971, creating Seattle Municipal Code Chapter 5.39, to generate revenue to invest in, among other things, a driver resolution center to provide services to TNC drivers. This ordinance imposes a tax on transportation network companies providing 1,000,000 or more trips per quarter or more on a per-trip basis. The ordinance went into effect on July 1, 2020.

This legislation changes the threshold by which the City's tax on transportation network company (TNC) rides is imposed from 1,000,000 rides per operator per quarter to 200,000 rides per operator per quarter, effective January 1, 2021.

Given the significant drop in trips and the anticipated gradual trip recovery, a change in the trip threshold for TNC coverage is needed to affect the purpose of this ordinance. The amendment alters the trip threshold from "more than 1,000,000 trips" to "200,000 or more trips" in the last quarter. This trip threshold matches the recently transmitted TNC Minimum Compensation Ordinance and the companion amendments seen in the TNC Driver Deactivation Rights Ordinance, SMC 14.32.

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

Appropriation change (\$):	General Fund \$		Other \$	
	2021	2022	2021	2022
	-	-	-	-
Estimated revenue change (\$):	Revenue to General Fund		Revenue to Other Funds	
	2021	2022	2021	2022
	\$5,022,448	\$11,491,112	-	-

Positions affected:	No. of Positions		Total FTE Change	
	2021	2022	2021	2022
	-	-	-	-

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.

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

No.

3.b. Revenues/Reimbursements

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

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2021 Revenue	2022 Estimated Revenue
General Fund - 00100		Seattle TNC Tax	\$5,022,448	\$11,491,112
TOTAL				

Is this change one-time or ongoing?

This is an ongoing change.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

The Department of Finance and Administrative Services (FAS) will administer the tax. The uses of proceeds from the tax are discussed in [Resolution 31914](#), which passed as a companion to the original tax ordinance.

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?**

The amendment allows for sufficient revenue generation to implement the TNC Driver Deactivation Rights Ordinance (DRO), Ordinance 125976 creating Seattle Municipal Code Chapter 14.32, which provided deactivation rights to TNC drivers. TNCs classify these drivers as independent contractors and represent that they are exempt from existing minimum labor standards established by federal, state, and local law. A large number of those drivers are immigrants and people of color who have taken on debt or invested their savings to purchase and/or lease vehicles to provide TNC services.

- 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).**

List attachments/exhibits below: