

### Amendment 3 Version 1 to CB 120706 – Network Company License and Fee

**Sponsor:** Councilmember Nelson

Restrict OLS’s use of fee revenue to implementing the App-Based Worker Deactivation Rights Ordinance.

**Effect:** This amendment would restrict the Office of Labor Standards’ (OLS’s) use of fee revenue to implementation of the App-Based Worker Deactivation Rights Ordinance (Chapter 8.40).

OLS would be prohibited from using fee revenue for implementation of the App-Based Worker Minimum Payment Ordinance (Chapter 8.37). Any funding for OLS’s implementation of Chapter 8.37 would come from other sources of revenue in the OLS Fund (i.e., business license tax revenue and any resources of the City’s General Fund).

As the City has limited data on the volume and type of online orders in Seattle, the financial impact of this reduction is unknown. The FAS Director could determine the financial impact in the first or second quarter of 2026 (after evaluating fee revenue from the 2025 calendar year) and could make any necessary adjustments to ensure that the fee fully recovers full recovery, and nothing more, of regulatory costs.

Amend recitals of CB 120706 as follows:

\* \* \*

~~((WHEREAS, effective January 13, 2024, the App-Based Worker Minimum Payment Ordinance, Ordinance 126595, will require network companies to provide app-based workers with minimum payment, transparent job information and receipts, and flexible terms of work; and~~

~~WHEREAS, OLS estimates that implementing the App-Based Worker Minimum Payment Ordinance will require \$1.2 million and five full-time equivalents (FTEs) per year for ongoing costs, but the 2024 Proposed Budget Adjustments only include \$492,000 and three FTEs for this work; and))~~

\* \* \*

Karina Bull  
Select Budget Committee  
November 14, 2023  
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WHEREAS, the existing revenue sources for the OLS Fund are insufficient to fully recover the regulatory costs of implementing ~~((the App-Based Worker Minimum Payment Ordinance and))~~ the App-Based Worker Deactivation Rights Ordinance; and

\* \* \*

WHEREAS, the City intends to use revenue from the network company license fee to fully recover the costs of network company regulations incurred by licensing and implementing the App-Based Worker Deactivation Rights Ordinance ~~((and the App-Based Worker Minimum Payment Ordinance, in such order of priority))~~; NOW, THEREFORE,

\* \* \*

Amend Section 1 of CB 120706 as follows:

#### **6.700.040 Coverage**

For the purposes of this Chapter 6.700, coverage of network companies is limited to those that are subject to ~~((the App-Based Worker Minimum Payment Ordinance (Chapter 8.37) and/or))~~ the App-Based Worker Deactivation Rights Ordinance (Chapter 8.40).

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#### **6.700.060 License application**

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B. Application for a network company license shall include the following information:

1. Name and contact information of the applicant;
2. Name and contact information of the owners thereof, or in the case of a corporation, names and contact information of the officers of such corporation;
3. Attestation of the applicant's coverage by ~~((Chapter 8.37 and/or))~~ Chapter 8.40;
4. Description of the type(s) of app-based services offered by the applicant; and

5. Such other information that the FAS Director determines is reasonably necessary to determine the qualifications of the applicant for a network company license.

\* \* \*

D. The FAS Director may deny, revoke, or refuse to renew the license of any network company for any of the following:

1. Violating or failing to comply with any applicable provision of this Chapter 6.700;

2. Failure to pay all outstanding penalties assessed against the licensee under this Chapter 6.700;

3. Any reason set forth in Section 6.202.230; or

4. Failing to comply, within 30 days of service of any OLS settlement agreement, any final order issued by the OLS Director, or any final order issued by the Hearing Examiner under Chapter ~~((8.37-0#))~~ 8.40 for which all appeal rights have been exhausted, and the OLS Director has requested the FAS Director to deny, revoke, or refuse to renew any network company license held or requested by the applicant or licensee. The denial, revocation, or refusal to renew such network company license shall remain in effect until such time as the violation(s) under Chapter ~~((8.37-0#))~~ 8.40 are remedied.

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#### **6.700.080 License fee**

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B. The FAS Director, in consultation with the OLS Director, shall review the fee at least annually and shall make any adjustment necessary by rule to ensure the fee achieves full recovery, and no more, of the regulatory costs prescribed in Section 6.700.100 after consideration of available information for the following factors:

1. Actual and projected fee revenue;
2. The FAS Director's projected costs and annual budget allotted for the implementation of the network company license and fee;
3. The OLS Director's projected costs, including costs identified in the annual certification required by subsection 3.15.007.B, and annual budget allotted for the implementation of ~~((Chapter 8.37 and))~~ Chapter 8.40;
4. The number of network companies operating in Seattle;
5. The number of online orders subject to the license fee in subsection 6.700.080.A;
6. OLS's implementation data for ~~((Chapter 8.37 and))~~ Chapter 8.40 (e.g., number and nature of worker and business inquiries, data on open and filed investigation, resolved investigations, and financial remedies); and
7. Such other factors that the FAS Director determines are reasonably necessary for reviewing the fee.

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#### **6.700.100 Allocation of fee revenue**

A. Fee revenue shall be appropriated in the annual City budget or separate ordinances solely to recover regulatory costs in the following order of priority:

1. FAS's implementation of the network company license and fee in this Chapter 6.700; and
2. OLS's implementation of Chapter 8.40. ~~((; and~~
3. ~~OLS's implementation of Chapter 8.37.))~~

B. FAS's implementation of the network company license and fee may include administrative, enforcement, and other regulatory costs. OLS's implementation of ~~((Chapter 8.37 and))~~ Chapter 8.40 may include policy development, enforcement, and outreach and education, including contracts with community organizations for culturally competent and language-specific outreach and education and community-based enforcement, and other regulatory costs. The OLS Director shall include an itemized statement with the amount and description of funding needed to sustain such regulatory costs in the certification of the minimum annual contribution submitted to the Mayor and City Council under subsection 3.15.007.B.

\* \* \*

Amend Section 2 of CB 120706 as follows:

**3.15.007 Office of Labor Standards Fund**

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E. The sources of funding for the minimum annual contribution under subsection 3.15.007.C shall come from the City's existing business license tax under Chapter 5.45 and the network company license fee under Chapter 6.700. Funds from the network company license fee shall be appropriated to the Office of Labor Standards solely to recover the regulatory costs of implementing ~~((Chapter 8.37 and))~~ Chapter 8.40, as prescribed by Section 6.700.100.

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