

## Amendment 6 Version 1 to CB 120706 – Network Company License and Fee

**Sponsor:** Councilmember Herbold

Revise requirements to increase transparency and streamline provisions.

**Effect:** This amendment would include the following revisions:

1. Clarify the regulatory costs in the scope and purpose section;
2. Remove the Department of Finance and Administrative Services (FAS) Director's authority to assign network companies to a monthly or annual payment schedule;
3. Require OLS to publicly announce which contracts with community organizations are funded by fee revenue;
4. Require OLS to create policies and procedures for awarding and monitoring contracts that are funded by fee revenue to ensure that such contracts are solely for the purposes prescribed by this Chapter 6.700;
5. Require the FAS Director to include fee revenues in the quarterly reporting that the City Finance Division and the City Budget Office provide to the City Council as part of the Financial Monitoring program; and
6. Clarify that penalties do not accrue if the network company achieves compliance before the date that compliance is required in the notice of violation of the FAS Director.

This amendment is intended to increase the transparency of FAS and OLS activities related to the network company license and fee; streamline fee collection by only requiring fee payments on a quarterly basis; and increase understanding of enforcement provisions.

Amend Section 1 of CB 120706 as follows:

### **6.700.010 Scope and purpose**

This Chapter 6.700 applies to network companies operating in Seattle. The ordinance enacting this Chapter 6.700 is an exercise of the City's police power to regulate network companies. The purpose of the ordinance is to regulate network company activity through an annual license requirement and impose a fee to recover the regulatory costs of licensing and implementing ~~((app-based worker))~~ labor standards in the App-Based Worker Minimum Payment Ordinance

(Chapter 8.37) and App-Based Worker Deactivation Rights Ordinance (Chapter 8.40) that protect and promote public health, safety, and welfare.

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#### **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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#### **6.700.080 License fee**

A. The fee for a network company license issued pursuant to this Chapter 6.700 shall be \$0.10 per online order that results in an app-based worker's delivery of goods or provision of other services in Seattle.

1. The fee revenue shall be used to recover the regulatory costs prescribed in Section 6.700.100.
2. The fee shall be due and payable on a quarterly basis, except that the fee for the 2025 calendar year shall be payable on the same date that the fee payment is due for the fourth quarter of 2025. ~~((The FAS Director may use discretion to assign businesses to a monthly or annual reporting period.))~~ Forms for such filings shall be prescribed by the FAS Director. Network companies discontinuing operations in Seattle shall report and pay the fee no later than the quarterly payment period following close of business.

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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;
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.

C. 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. The OLS Director shall publicly announce which contracts are funded by fee revenue to ensure that such contracts are solely for purposes prescribed by this Section 6.700.100. Consistent with City purchasing requirements, the OLS Director shall create policies and procedures for awarding and monitoring contracts that are funded by fee revenue to ensure that such contracts are solely for purposes prescribed by this Section 6.700.100.

D. The FAS Director shall include fee revenues in the quarterly reporting that the City Finance Division and City Budget Office provide to the City Council as part of the Financial Monitoring program.

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**6.700.170 Penalty**

A. In addition to any other sanction or remedial procedure that may be available, any network company violating any of the provisions of this Chapter 6.700 shall be subject to the following cumulative penalties per violation until compliance is achieved:

1. \$500 per day for each violation for the first ten business days; and
2. \$1,000 per day for each violation for each day beyond ten business days of

non-compliance until compliance is achieved.

B. The violation will be deemed to begin, for purposes of determining the number of days in violation, on the date that compliance is required on the notice of violation of the FAS Director. Penalties do not accrue if the network company achieves compliance before the date that compliance is required in the notice of violation of the FAS Director.