

SUMMARY and FISCAL NOTE

Department:	Dept. Contact:	CBO Contact:
City Budget Office	Jennifer Breeze	Jennifer Breeze

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to short-term rental tax revenue; amending Ordinance 125872 to specify use of revenue proceeds; and ratifying and confirming certain prior acts.

Summary and Background of the Legislation: Ordinance 125872, adopted in 2019, 1) created a Short-Term Rental Tax Fund to receive and spend proceeds from the City’s share of Short-Term Rental Tax, and 2) allocated specific amounts for specific spending categories and prioritized these categories.

The original allocations contained in Ordinance 125872 do not currently reflect actual costs of the items funded by the proceeds. Human Services Department contracts are subject to inflationary increases and debt service amounts vary from year to year. In addition, costs are increasing at a greater rate than revenues. In order to provide flexibility while maintaining the policy goals of supporting the Equitable Development Initiative (EDI) and permanent supportive housing, this legislation allocates the first allotment of Short-Term Rental Tax for debt service. Remaining proceeds will be shared between EDI grants/program administration and permanent supportive housing contracts in the Human Services Department. Specific funding amounts will be allocated through the annual budget process.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ☐ Yes ☒ No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation have financial impacts to the City? ☐ Yes ☒ No

3.d. Other Impacts

Does the legislation have other financial impacts to The City of Seattle, including direct or indirect, one-time or ongoing costs, that are not included in Sections 3.a through 3.c? If so, please describe these financial impacts.

No.

If the legislation has costs, but they can be absorbed within existing operations, please describe how those costs can be absorbed. The description should clearly describe if the absorbed costs are achievable because the department had excess resources within their existing budget or if by absorbing these costs the department is deprioritizing other work that would have used these resources.

Not applicable.

Please describe any financial costs or other impacts of *not* implementing the legislation.

Debt service is variable and this legislation ensures the correct level of budget for debt service. Additionally, HSD contracts include cost of living increases and this legislation allows for that flexibility. If this legislation does not pass, a different funding source will need to be identified to fill the funding gap for HSD contracts. This legislation is necessary to align with the 2025 Adopted and 2026 Proposed budgets.

Please describe how this legislation may affect any City departments other than the originating department.

This legislation supports budgetary allocations for the Office of Planning and Community Development and the Human Services Department.

4. OTHER IMPLICATIONS

a. Is a public hearing required for this legislation?

No.

b. Is publication of notice with The Daily Journal of Commerce and/or The Seattle Times required for this legislation?

No.

c. Does this legislation affect a piece of property?

No.

d. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.

- i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community.**

The Short-Term Rental Tax funds, in part, the Equitable Development Initiative, which is designed to promote public and private investments, programs, and policies in neighborhoods that take into account past history and current conditions to meet the needs of marginalized populations and to reduce disparities so that quality of life outcomes such as access to quality education, living wage employment, healthy environment, affordable housing and transportation, are equitably distributed for the people currently living and working here, as well as for new people who arrive.

- ii. **Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.**

N/A

- iii. **What is the Language Access Plan for any communications to the public?**

N/A

e. Climate Change Implications

- i. **Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response.**

N/A

- ii. **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.**

N/A

- f. **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)? What mechanisms will be used to measure progress towards meeting those goals?**

N/A

- g. **Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization?**

No.

5. ATTACHMENTS

Summary Attachments: None.