

SUMMARY and FISCAL NOTE

Department:	Dept. Contact:	CBO Contact:
City Budget Office		Adam Schaefer

1. BILL SUMMARY

Legislation Title: A RESOLUTION relating to the spending plan for the proceeds of the Seattle transportation network company tax; amending Resolution 31914 to continue providing temporary flexibility on the use of tax proceeds.

Summary and Background of the Legislation: In 2019, the City of Seattle began taxing transportation network companies (TNCs) for rides that take place in Seattle. TNCs provide application dispatch services that allow passengers to directly request the dispatch of drivers via the internet using mobile interfaces such as smartphone application. Examples of these companies operating in Seattle include Uber and Lyft.

As part of the legislative package establishing this tax, the City Council passed Resolution 31914, which outlined how the proceeds of the TNC tax were to be spent, including for a Driver Resource Center that mediated disputes between drivers and the TNCs, and for low-income housing, and transportation investments including transit. Resolution 31914 also included oversight and accountability provisions for the transportation related investments.

In 2022, the Washington state legislature passed Engrossed Substitute House Bill 2076, ESHB 2076 which creates a state level Transportation Network Company tax and preempts the City from enforcing the TNC Driver Minimum Compensation and TNC Driver Deactivation Rights Ordinances starting on January 1, 2023. In 2020, the Seattle City Council passed the JumpStart Payroll Expense Tax, which allows tens of millions of dollars of new investments in low-income housing in Seattle.

Because of state preemption of City's TNC driver regulations and minimum compensation and benefits for drivers regulations, and because of a new, more vigorous funding source for low-income housing, and because of a long-term structural problem with the City's General Fund budget, which relies on revenue sources that have been stagnant or shrinking in recent years (particularly in the Seattle Department of Transportation due to declining commercial parking tax revenues), this resolution temporarily broadens the use of TNC tax revenues for transportation, including transit investments, and other General Fund purposes after accounting for the administration of the tax.

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.

The legislation acknowledges a different legal and financial landscape from when the TNC tax revenue spending plan was initially adopted in 2019. This resolution temporarily allows for more uses of a more limited revenue stream than the original spend plan.

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.

N/A

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

The legislation provides temporary flexibility to use a limited funding source considering a very different legal and budgetary landscape from when the original spending plan was adopted in 2019.

4. OTHER IMPLICATIONS

a. Please describe how this legislation may affect any departments besides the originating department.

The Office of City Finance administers the TNC tax and the proceeds of the tax will be available to fund transportation investments as well as other City activities that rely on General Fund dollars.

b. Does this legislation affect a piece of property? If yes, please attach a map and explain any impacts on the property. Please attach any Environmental Impact Statements, Determinations of Non-Significance, or other reports generated for this property.

No.

c. 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.

N/A

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

d. 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

e. **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

5. CHECKLIST

Is a public hearing required?

Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required?

If this legislation changes spending and/or revenues for a fund, have you reviewed the relevant fund policies and determined that this legislation complies?

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

6. ATTACHMENTS

Summary Attachments: None.