

Final Committee Vote

Select Budget Committee | November 19, 2024



Budget Overview & Department Presentations
SEPT 25 - OCT 02



Policy Considerations
Central Staff Presentations
OCT 16 - 21



Revenue Forecast Update
OCT 22



Chair's Balancing Package
OCT 30



Budget Amendments
Discussion & Voting
NOV 13 - NOV 15



Final Committee Vote & Council Adoption
STEP 5 NOV 19 - NOV 21

Plan For Today

- Vote on legislation necessary to adopt the 2025 Budget
 - JumpStart Payroll Expense Tax Policies Ordinance (CB 120912)
 - Short Property Tax Ordinance (CB 120901)
 - Long Property Tax Ordinance (CB 120906)
 - 2025 Budget Adoption Ordinance (CB 120905)
 - City Council Changes to the 2025 - 2026 Proposed Budget and the 2025 - 2030 Proposed Capital Improvement Program (CF 314539)
 - 2026 Budget Endorsement Resolution (RES 32153)
- Vote on other budget-related legislation
 - Capital Gains Excise Tax Ordinance (CB 120908)
 - Capital Gains Tax Use of Proceeds Ordinance (CB 120909)
 - Seattle Channel Funding Plan Ordinance (CB 120911)

Agenda Item 1

CB 120912 Payroll Expense Tax Modifications ORD

(1/3)

Summary of Legislation

- Establishes eligible spending categories:

Administration	Green New Deal
Affordable Housing	Youth Mental Health and Violence Prevention*
Equitable Development Initiative	General Fund
Economic Development and Revitalization	Contributions to Revenue Stabilization Account

**Youth Mental Health and Violence Prevention remains an eligible use until an alternative funding source that is sufficient to provide funding equal to the amount appropriated from the JumpStart Payroll Expense Tax Fund for these purposes in the 2025 Adopted Budget is identified and implemented*

- Sets the following percentage allocation as guidelines, but not binding constraints, on the total funding allocated to the original JumpStart priorities:

Administration – 5%	Green New Deal – 9%
Affordable Housing – 62%	
Equitable Development – 9%	
Economic Dev. and Revitalization – 15%	

CB 120912 Payroll Expense Tax Modifications ORD (2/3)

Summary of Legislation - Continued

- Establishes a formal Revenue Stabilization Account (RSA) within the JumpStart Fund:
 - Target balance set at 10% of forecast revenues
 - Target is to be reached within 4 years
 - Until target is reached, 50% of any unanticipated year-end JumpStart Fund will be transferred to the RSA
 - Withdrawals to be made only when current year revenues drop below forecast assumed in the Adopted Budget, or forecasts for the next year decline relative to the Proposed Budget
- Eliminates the JumpStart Oversight Committee:
 - The nine-member committee was created to provide oversight of JumpStart spending and to assess the tax's impact on the local economy
 - Council appointed five members a year ago, but the Executive has never submitted nominees, and the Committee has never met
- Removes the 2040 sunset date on the JumpStart Payroll Expense Tax
- States Council intent to review these policies ahead of the 2029-2030 biennium.

CB 120912 Payroll Expense Tax Modifications ORD (3/3)

Proposed Amendments

#	Brief Description	Sponsor
1	Restore the JumpStart Oversight Committee	Morales
2	Limit use of JumpStart for the General Fund (20%) and increase funding for JumpStart priorities	Morales
3	Limit use of JumpStart proceeds for the General Fund (45%), increase funding for affordable housing (55%), and restore the 2040 sunset	Moore
4	Restore the 2040 sunset	Kettle
5	More clearly express legislative intent regarding the use of JumpStart Proceeds	Strauss
6	Preclude use of JumpStart Revenues for the General Fund beginning in 2029	Strauss

Agenda Items 2 & 3: CBs 120906 & 120907

2025 Property Tax Ordinances (Transportation Levy Passes)

Background

CB 120906 (Long Property Tax ORD) would impose the City's property tax rate for 2025 to be levied and levies the taxes. This bill would: increase the regular non-voted levy by one percent for taxes to be collected in 2025; add the allowance for new construction and other allowable amounts; and specify the dollar amounts to be collected for the special purposes of voter-approved property tax measures (\$610 million total). This bill also levies the excess levy property taxes to pay debt service on voter-approved bond measures and assumes collection of \$187 million for the first year of the 2024 Seattle Transportation Levy, for a total revenue estimate amount of \$797 million.

CB 120907 (Short Property Tax ORD) is the companion to CB 120907, and would reflect changes in the regular property taxes in terms of dollars and percentages, including the first year's collection of the 2024 Seattle Transportation Levy.

Agenda Items 4-6

Budget Adoption Legislation

- **2025 Budget Adoption Ordinance (CB 120905)**
 - Attachment A: Changes to appropriations by Budget Control Level
 - Attachment B: Changes to positions
- **City Council Changes to the 2025 - 2026 Proposed Budget and the 2025 - 2030 Proposed Capital Improvement Program (CF 314539)**
- **2026 Budget Endorsement Resolution (RES 32153)**

Agenda Item 7

CB 120908 LEG Capital Gains Excise Tax ORD

(1/2)

- Same structure as the state tax, with different rate
- 2 percent excise tax on gains from the sale of non-exempt capital assets after a \$262,000 standard deduction for single and joint filers
 - Standard deduction and other thresholds adjusted annually for inflation
- Gains from real estate sales and retirement account exempt
 - Other exemptions include condemnations, livestock, commercial fishing, timber, and goodwill from auto dealership
- Effective January 1, 2026, with first collections April 2027

Agenda Item 7

CB 120908 LEG Capital Gains Excise Tax ORD (cont.) (2/2)

Fiscal Estimates

- Office of Economic and Revenue Forecasts estimated revenue range from \$16 million to \$51 million in 2027
 - Forecast Office indicates an unusually high degree of uncertainty in the estimate due to stock volatility, tax base concentration
 - Annual revenue from the tax could fluctuate widely above and below the estimates
- Implementation cost estimates include one-time startup costs of \$1 million, and ongoing costs of \$1.2 million per year, for systems and staffing
 - 18-to-24-month implementation timeline
 - Cost estimate refined through budget process

Agenda Item 8

CB 120909 LEG Capital Gains Tax Use of Proceeds ORD

- Earmarks capital gains excise tax revenues from CB 120908 to:
 - Rental assistance to rent burdened households,
 - Down payment assistance to low, moderate, and workforce households;
and,
 - Food assistance to food insecure households.
- States Council's intent to make more detailed spending allocations through either a resolution, or the annual budget process.

Agenda Item 9

CB 120911 LEG Seattle Channel Funding Plan ORD

- States the Council's intent to establish a dedicated and ongoing funding plan for the Seattle Channel, including the following sources:
 - Cable Franchise Fees – at least 50%, but no less than \$1.7 million, of annual revenues
 - Seattle IT Cost Allocation – allocate expenditures in support of department priorities to those departments
 - General Fund – exclusively for the coverage of meetings, press conferences, and other public events of the Council and other City elected officials
- Requests the Executive present a funding plan and transmit any necessary legislation to the Council by September 3, 2025
- Anticipates that the Executive will utilize the recommendations of any advisory workgroups established to study the Seattle Channel