

Amendment 2 Version 1 to CB 120706 – Network Company License and Fee

Sponsor: Councilmember Pedersen

Exempt marketplace network companies from coverage.

Effect: This amendment would exempt marketplace network companies from CB 120706.

The proposed fee of \$0.10 per online order is the same for all covered network companies.

Marketplace network companies are only covered by Chapter 8.40, one of the two app-based labor standards incurring regulatory costs that can be recovered by fee revenue. This amendment would prevent any charges for marketplace network companies.

Since the City has limited data on the volume and type of online orders in Seattle, the financial impact of this amendment 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 adjustment necessary to ensure the fee achieves full recovery of regulatory costs.

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, other than marketplace network companies as stated in Section 6.700.040. 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 that protect and promote public health, safety, and welfare.

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6.700.030 Definitions

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“Marketplace network company” means a network company primarily engaged in facilitating or presenting pre-scheduled offers in which: (a) the application or platform enables the prospective customer and app-based worker to exchange information about the scope and details of services to be performed, prior to the customer placing the online order for those services or the app-based worker accepting the offer; (b) the app-based worker sets their own rates; and (c) the network company does not monitor offers by mileage or time. On-demand network companies and companies that primarily provide delivery services are not marketplace network companies.

When determining whether a network company is “primarily engaged in facilitating or presenting pre-scheduled offers in which: (a) the application or platform enables the prospective customer and app-based worker to exchange information about the scope and details of services to be performed, prior to the customer placing the online order for those services or the app-based worker accepting the offer; (b) the app-based worker sets their own rates; and (c) the network company does not monitor offers by mileage or time” the FAS Director, in consultation with the OLS Director, may consider any number of factors, including but not limited to: the number of pre-scheduled offers relative to the network company’s overall offers; how app-based worker rates are set; what information regarding offer mileage or offer time a network company knows before, during, or after performance of an offer; information from app-based workers performing offers through the application or platform; marketing or promotional materials from

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November 14, 2023
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the network company; or other public statements from representatives of the network company.

Such determinations shall be consistent with OLS Director rules.

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6.700.040 Coverage

For the purposes of this Chapter 6.700, coverage ~~((of network companies))~~ is limited to ~~((those))~~ network companies 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); and not marketplace network companies.