

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
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** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to taxation; reducing the per trip tax imposed on transportation network companies operating in Seattle; and amending Section 5.39.030 of the Seattle Municipal Code.

Summary and Background of the Legislation: In the 2022 legislative session, the Washington state legislature passed House Bill 2076 concerning rights and obligations of Transportation Network Companies (TNCs) and TNC drivers. The legislation preempts cities, towns, or other municipal corporations from imposing any tax, fees, or other charges explicitly or exclusively on TNCs or their drivers, but does not preempt cities, towns, or other municipal corporations from imposing any generally applicable taxes, fees, or other charges, such as: business taxes; sales and use taxes; excise taxes; or property taxes. House Bill 2076 further provides that any local ordinance or regulation, in a city with a population of more than 600,000 or in a county with a population of more than 2,000,000, existing before January 1, 2022, that imposes a tax, fee, or other charge on a TNC or driver, remains in effect, but shall be reduced by \$0.15. In accordance with this change in state law, this ordinance reduces the City of Seattle’s TNC tax from \$0.57 per trip to \$0.42, effective January 1, 2023.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ___ Yes X No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes X No

Does the legislation have other financial impacts to The City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

This rate reduction is projected to reduce TNC tax revenues in the City’s General Fund (00100) by approximately 26% on an ongoing basis. For 2023 this is equivalent to approximately \$2.1 million. Relative to the 2022 revenue forecast, however, the 2023 projection declines only about \$400,000 to \$5.9 million from \$6.3 million. This relatively small year-over-year effect is due to the off-setting effect of relatively low levels of trips projected in 2022 versus 2023, due to the expected rate of trip recovery coming out of the pandemic. The effects of this rate reduction on City revenue are captured in the 2023-2024 Proposed Budget.

Are there financial costs or other impacts of *not* implementing the legislation?

Failure to implement this legislation would mean the City is out of compliance with existing state law and would require the City to bear the administrative costs of refunding taxes paid by TNC companies in 2023.

4. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?**
Only indirectly through the reduction in available General Fund resources.
- b. Is a public hearing required for this legislation?**
No.
- c. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**
No.
- d. Does this legislation affect a piece of property?**
No.
- e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?**
None.
- f. Climate Change Implications**
- 1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?**
No, the City's tax rate reduction is matched by the State's \$0.15 per trip tax rate of its own, thus, for a trip generated in Seattle there will be no tax effect on the price of the trip and therefore on the usage and emissions of TNC services.
- 2. 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.**
No perceived effects.
- g. 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)?**

N/A

Summary Attachments: