

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

Sponsor: Councilmember Herbold

Require FAS Director to recommend a reduced fee for marketplace network companies.

Effect: This amendment would require the Department of Finance and Administrative Services (FAS) Director to recommend a reduced fee for marketplace network companies after assessing initial fee revenue and no later than July 1, 2026. The FAS Director’s recommendation is intended to inform the City Council’s development of legislation that would establish a reduced fee for marketplace network companies.

Amend Section 1 of CB 120706 as follows:

6.700.030 Definitions

* * *

“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 the network company; or other public statements from representatives of the network company. Such determinations shall be consistent with OLS Director rules.

* * *

6.700.080 License fee

* * *

B. The FAS Director, in consultation with the OLS Director, shall review the fee at least annually and shall make any adjustment necessary by rule to ensure the fee achieves full recovery, and no more, of the regulatory costs prescribed in Section 6.700.100 after consideration of available information for the following factors:

1. Actual and projected fee revenue;
2. The FAS Director’s projected costs and annual budget allotted for the implementation of the network company license and fee;
3. The OLS Director’s projected costs, including costs identified in the annual certification required by subsection 3.15.007.B, and annual budget allotted for the implementation of Chapter 8.37 and Chapter 8.40;

4. The number of network companies operating in Seattle;

5. The number of online orders subject to the license fee in subsection

6.700.080.A;

6. OLS's implementation data for Chapter 8.37 and Chapter 8.40 (e.g., number and nature of worker and business inquiries, data on open and filed investigation, resolved investigations, and financial remedies); and

7. Such other factors that the FAS Director determines are reasonably necessary for reviewing the fee.

C. The FAS Director, in consultation with the OLS Director, shall report to the City Council on establishing a reduced fee for marketplace network companies to reflect that such companies are only covered by Chapter 8.40, one of the two app-based worker labor standards incurring regulatory costs that can be recovered by fee revenue. The City Council intends to consider the FAS Director's recommendation for development of legislation that would establish a reduced fee for marketplace network companies. The FAS Director shall submit the report to the City Council after assessing initial fee revenue and the factors for consideration in subsection 6.700.080.B, and no later than July 1, 2026. The FAS Director's report shall include the following:

1. A recommendation for establishing a reduced fee for marketplace network companies and an assessment of the financial impacts;

2. The status of fee revenue for the 2025 calendar year and first quarter 2026;
and

3. Other information that the FAS Director determines is relevant for the City Council's consideration of a reduced fee for marketplace network companies.