



SEATTLE CITY COUNCIL  
**CENTRAL STAFF**

# **JumpStart Payroll Expense Tax Fund Briefing**

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# Outline & Initialisms

## Outline

1. Legislative Background
2. Spending History & 2024 Authorized Spending
3. Key Policy Questions

## Initialisms Used Throughout

- EDI = Equitable Development Initiative
- GF = General Fund
- GND = Green New Deal
- JS Tax = JumpStart Payroll Expense Tax
- JS Fund = JS Tax Fund
- M = Million
- OG = Ongoing expenditure
- ORD = Ordinance
- OT = One-time expenditure
- RES = Resolution

# Legislative Background

2020

- ORD 126108: Established the JS Tax
- [ORD 126109](#) & [Resolution 31957](#): established the JS Tax spending plan, an oversight committee, requested development of an implementation plan

2021

- [ORD 126393](#): created the JumpStart Fund, modifying the spending plan adopted in 2020 to allow use of the JS revenues to provide continuity of General Fund services, if GF revenues had not rebounded to pre-pandemic levels

2022

- [ORD 126719](#) “Fund Flexibility ORD”: allowed flexible use of JS Funds *in the 2023 and 2024 biennium only*. Specifically allowed the following flexibility to use:
  - All revenues forecasted above 2020 estimates for GF balancing in 2023 and 2024; and
  - Portion of the 5% of JS Funds in the “administration” for other GF purposes (transportation and land use planning efforts, student mental health, landlord/tenant resources)

# Annual Appropriation History

**Year 1 (2021):** \$214M: COVID relief and recovery efforts (including replenishing emergency funds used in 2020) and GF balancing to avoid service reductions

**Year 2 (2022):** \$85M GF balancing; \$150.5M to JS Fund spending categories; per ORD 126393 allocated as follows:

- 62% Housing & Services
- 15% Economic revitalization
- 9% Equitable Development Initiative
- 9% Green New Deal
- 5% Administration

**2023 - 2024:** All revenues above initial 2020 estimates used for GF Balancing (~\$100M\* 2023; \$85M 2024)

All other funds allocated to JS Fund spending categories by the % listed above; funding amounts by category = assumed investments included in the 2020 estimates (~\$220M annually)

In 2024, the Council increase the JS Tax rates to add \$20M annually for services that improve mental health outcomes at Seattle Public Schools

\*\$100M JS Fund used to balance the 2023 budget includes \$29M of unappropriated 2022 revenues and \$71M from 2023 revenues.

## 2024 Adopted Budget

# Housing & Services: \$141M JS Fund (62%)

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### **\$140M (OG): Office of Housing (OH)**

- \$116M (82%) for affordable rental housing production and OM&S
- \$17.6M (13%) to the self-determination fund for affordable rental housing projection
- \$6.7 (5%) for homeownership programs

### **\$455,000 (OG): Construction and Inspections**

- Expanded funding for organizations that provide eviction legal defense services



Investments support production of affordable housing (rental and homeownership) and ongoing operating, maintenance, and services (OM&S) costs of rental housing

- \$70M JS Funds annually assumed to leverage levy funds to help deliver some new levy funded units over 7-years, and support ongoing OM&S
- \$50M JS Funds annually assumed to produce another ~2,200 rental and homeownership units over the levy period
- Funds from the JS Tax are one of the sources of funds supporting ~1,145 units of affordable rental under development from 2022-2023 funding, in addition to supporting OM&S and homeownership projects

## 2024 Adopted Budget

# Economic Revitalization: \$34M\* JS Fund (15%) (1/2)

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### \$25.8M (OT): Office of Economic Development

- \$22.3M of investments built around the 5 pillars outlined in the [Future of the Seattle Economy](#) (FSE)
  1. Investing in Diverse Talent and Building Our Workforce (\$3.3M)
  2. Supporting WMBE and Small Business Enterprises (\$0.8M)
  3. Creating BIPOC Community Wealth (\$10.8M)
  4. Investing in Neighborhood Business Districts(\$4.5M)
  5. Growing Businesses and Key Industries. (\$2.9M)
- \$3.3M supporting OED leadership and administrative costs related to implementing the investments described above

### \$1.9M (OG): Human Services Department

- \$1.5M for continued funding for re-Entry programs for BIPOC communities disproportionately impacted by incarceration
- \$375,000 to support workforce development programs for youth experiencing homelessness
- \$107,000 tax preparation assistance for low-and moderate-income individuals and families

### \$1.1M (OT): Seattle Parks and Recreation

- \$1.1M Capital investments for City Hall Park activation

### \$1.0M (OT): Seattle Department of Transportation

- \$1M for activities that support the Downtown Activation Plan (DAP)

\*During the 2023 and 2024 budget development, the FSE strategies were not yet fully developed; because of that ongoing work most of the investments were added as one-time for 2023 and 2024. The Executive may propose to transition many of the one-time investments to ongoing in the proposed budget for 2025-2026.

## 2024 Adopted Budget

# Economic Revitalization: \$34M\* JS Fund (15%) (2/2)

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### **\$1.2M: Planning and Community Development**

- \$162,000 (OT) for Sound Transit 3 Staffing
- \$170,000 (OG) to provide additional staff capacity related to the DAP and downtown planning functions
- \$570,000 (\$170,000 OG; \$400,000 OT) for work related to development of Regional Growth Center Subarea Plans
- \$130,000 (OT) for community engagement worked related to the Seattle Comprehensive Plan

### **\$900,000 (OT): Finance and Administrative Services**

- Implementation of the network company license and fee and the App-Based Worker Deactivations Rights Ordinance

### **\$600,000 (OT): Office of Labor Standards**

- Implementation of the network company license and fee and the App-Based Worker Deactivations Rights Ordinance

### **\$675,000 (OT): Office of Arts and Culture**

- Staffing and implementation of the Affordable Seattle application

### **\$567,000 (OG): Seattle IT**

- Staffing and implementation of the Affordable Seattle application

### **\$300,000 (OT): Department of Neighborhoods**

- Funding for consultant services to support implementation of the Chinatown-International District (CID) Neighborhood Strategic Plan

### **\$177,000 (OG): City Budget Office**

- Staffing for the Affordable Seattle application

### **\$150,000 (OG): Seattle Center**

- Funding for the Bumbershoot Workforce Development Program

## 2024 Adopted Budget

# Green New Deal: \$20.3M JS Fund (9%)

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### **\$17.2M: Office of Sustainability & Environment**

- \$7.8M (\$7.5M OG; \$400,000 OG) for implementation and ongoing support for the Building Emissions Performance Standard (BEPS) and Clean Buildings Accelerator
- \$800,000 (OG) for manufacturer rebates to homeowners converting from oil heat to electric heat pumps
- \$2.0M (\$800,000 OG, \$1.2M OT) for the Environmental Justice Fund
- \$2.5M (OT) to support Indigenous-led sustainability projects
- \$1M (OG) for a construction and clean energy pre-apprenticeship and job training program done in partnership with FAS
- \$1.2M (OT) to support youth leadership, greening of industrial areas, workforce development, and business support in the Duwamish Valley
- \$190,000 (OG) for a Senior Urban Forestry Policy Advisor position

### **\$1.8M (OG): Office of Housing**

- For converting homes from oil heat to an electric heat pump for households at or below 80 percent AMI

### **\$1.3M (OG): Department of Finance and Administrative Services**

- For debt service obligations for the three electric vehicle projects: The Drive Clean Seattle Fleet Electric Vehicle Infrastructure, Charles Street, and Haller Lake projects



## 2024 Adopted Budget

# Equitable Development Initiative: \$20M JS Fund (9%)

### \$20M OG: Office of Planning and Community Development

- Funding to provide grants to community-based organizations working on anti-displacement strategies, focusing on creating new economic opportunities, improving educational outcomes, and other forms of community development.

Funding is used for site acquisition, major capital projects, and capacity-building.



Since 2017 the City has awarded over \$116 million to 76 unique community-led, equitable development projects

2024 ongoing funding for EDI is \$25.3M. Funding comes from three sources:

- \$19.8M JS Fund
- \$5.0M Short-term Rental Fund
- \$500,000 Community Development Block Grant funds

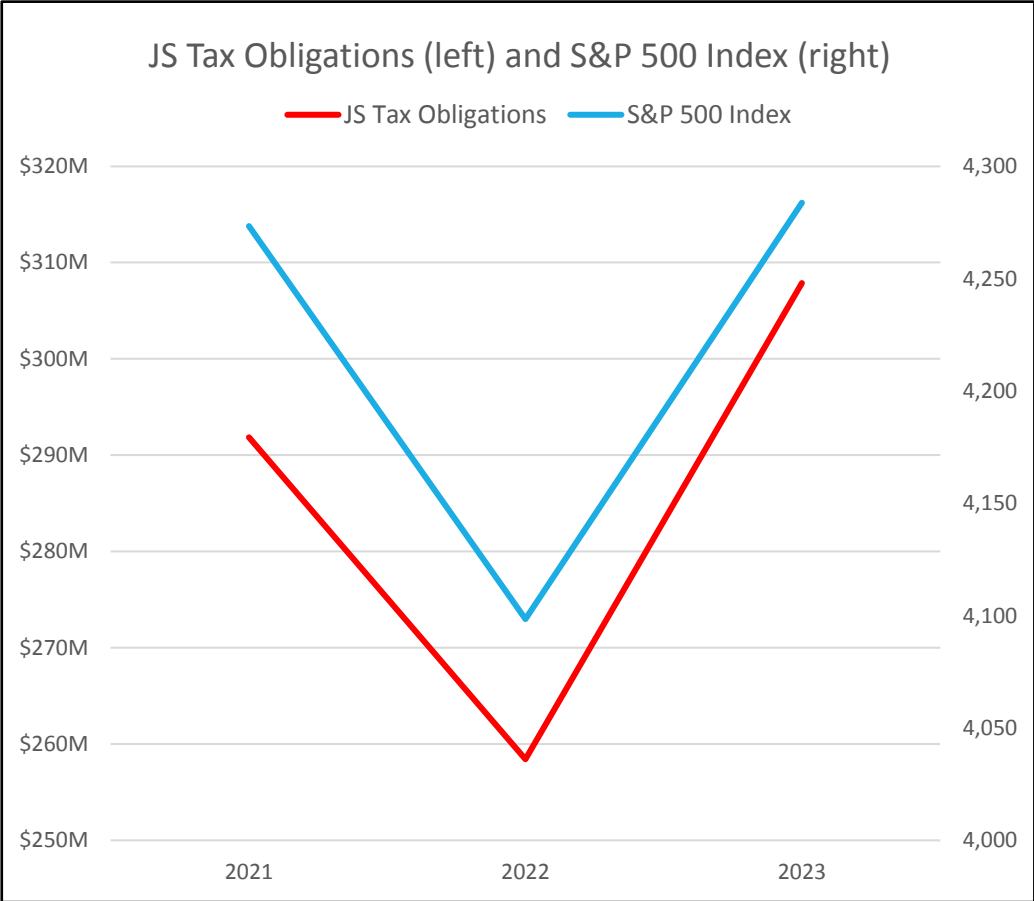
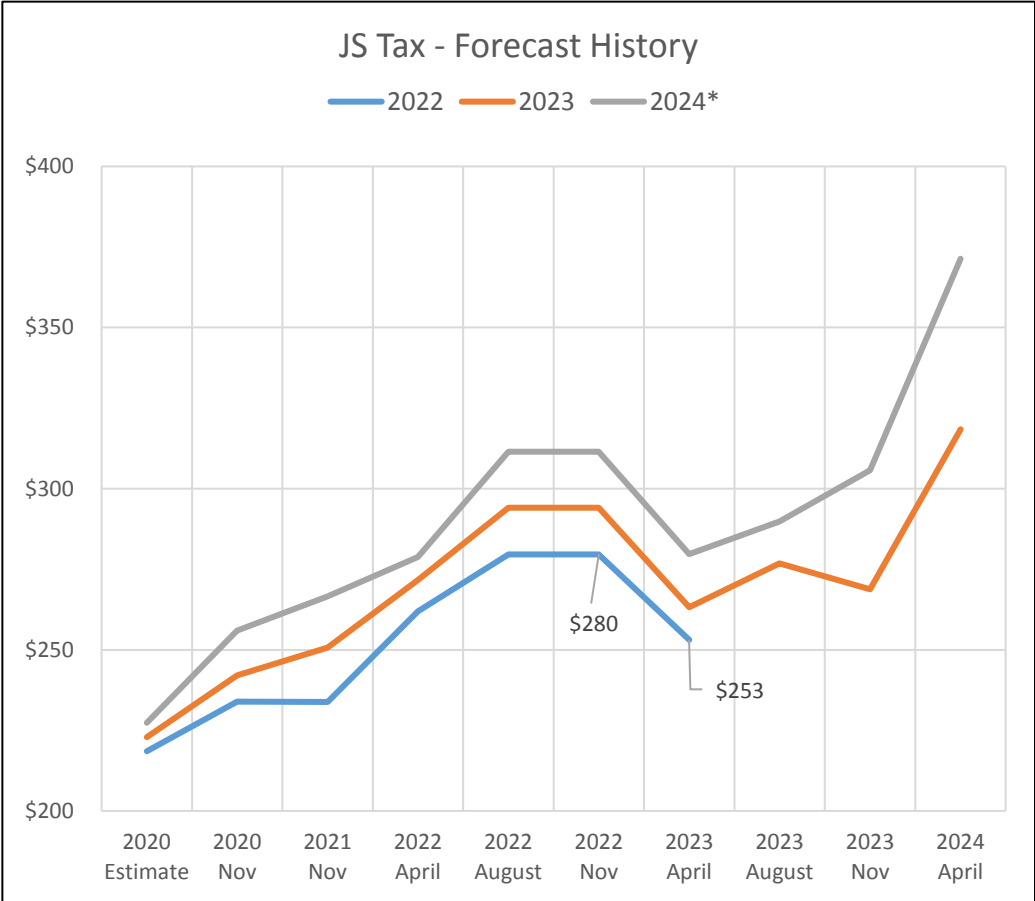
# JumpStart Fund: Key Policy Question

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Should JS Tax revenues continue to be used to help address the projected GF deficit? If yes:

- Is it a structural/long-term strategy or a short-term strategy (e.g., just for the next biennium)? Given the volatility in this revenue source, if it is to be used as a long-term strategy, how should this volatility be managed?
- Should the spending categories and fund be maintained? modified? or should JS Tax revenues become a GF resource?
- If the spending categories are maintained, how will funds be distributed between the JS Fund spending categories and GF balancing?
  - Should revenues above the original 2020 forecasts continue to be used to address the GF deficit?
  - Should the categories be modified to include other areas of spending? Should the eligible use of the JS Fund be expanded? What are the relative spending priorities among the JS categories?

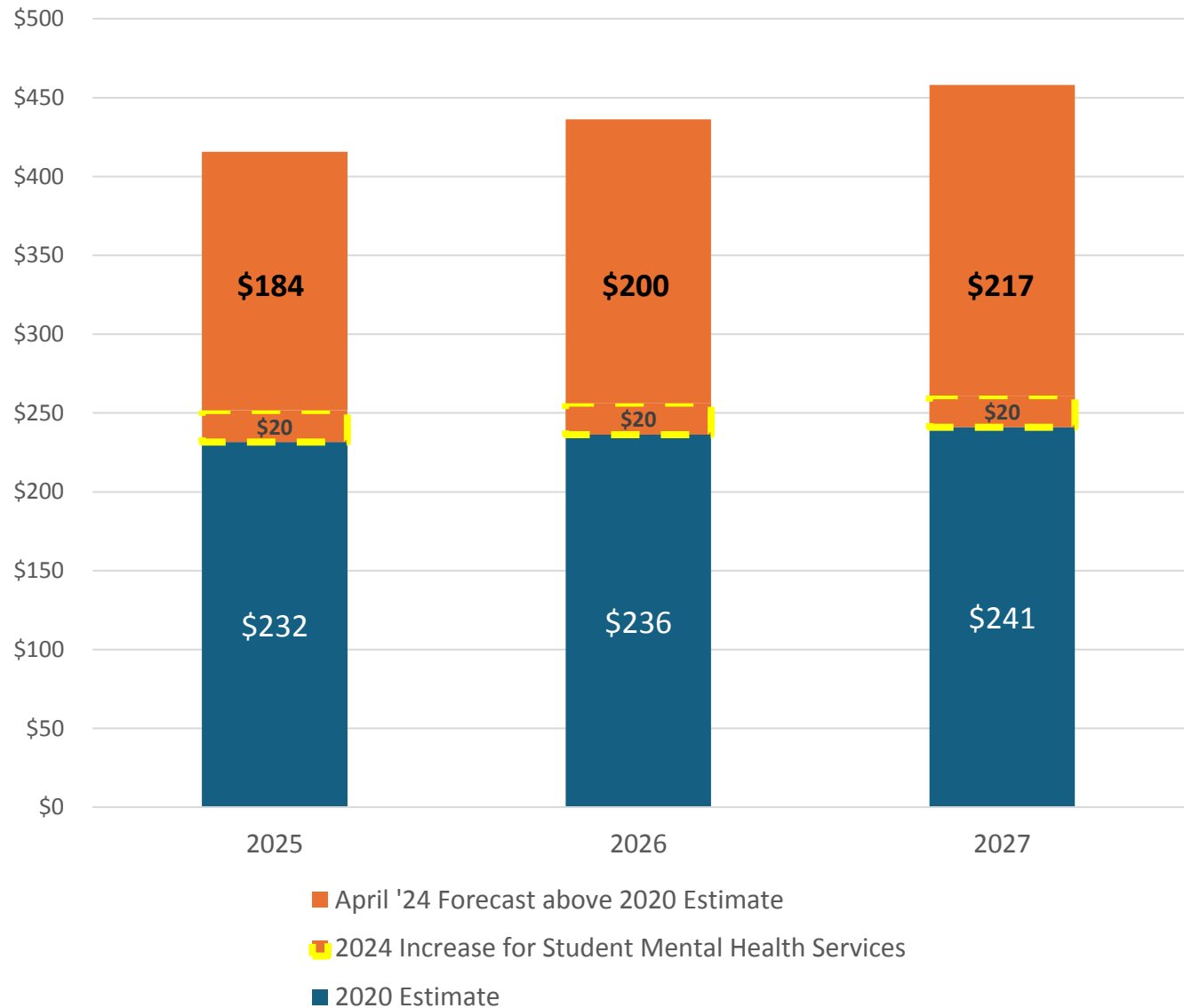
# Key Policy Question



\*Excludes the increase to the rates in 2024 that increases the 2024 forecast by \$20M

# Key Policy Question

Should JS Tax revenues above the original 2020 forecasts continue to be used to address the GF deficit?



# Key Takeaways

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- Policies on the use of the JS Fund were updated several times since initial adoption, responding to emerging needs, trying to balance the original spending plan adopted in 2020, and avoiding reductions to GF programs and services
- JS Tax revenues have performed better than initial estimates, but continue to be volatile due to correlation between stock market tech sector performance and tax base
- As in past years, there are several policy options for the Council to consider this year, about how or if the JS Fund will be used to help address the projected GF deficit