

## **SUMMARY and FISCAL NOTE\***

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>Executive Contact/Phone:</b>
City Council	Patricia Lee: 386-0078 Tony Kilduff: 684- 3580	

*\* 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 related to imposing a regulatory fee on businesses based on the number of their employees to fund the regulatory functions of the Office of Labor Standards; and adding a new Chapter 6.210 to Title 6 of the Seattle Municipal Code; and amending Section 6.208.020 of the Seattle Municipal Code.

**Summary and background of the Legislation:** This ordinance establishes an annual labor standards fee on businesses operating in the City of Seattle. The regulatory fee is based on the number of employees a business employs who work at least 50 % of their time in the City of Seattle and will be used to fund the Office of Labor Standards' (OLS) investigation and enforcement of the City's labor laws including, Paid Sick and Safe Time, Fair Chance, Minimum Wage, Wage Theft and Secure Scheduling. OLS's education and outreach efforts will continue to be funded by the General Subfund.

The Department of Finance and Administrative Services will develop and implement the regulatory fee. The ordinance will take effect 30 days after its approval by the Mayor. However, given the time it will take to set up the regulatory fee, the fee will not be established until January 1, 2018.

The OLS is requested to provide an annual report to Council by July 31 of each year concerning its enforcement and administrative activities relating to the City's labor standards ordinances and the costs of those activities, including an analysis of the costs associated with the enforcement and administration of each labor standard ordinance.

### **3. SUMMARY OF FINANCIAL IMPLICATIONS**

Please check one:

☒ **This legislation has direct financial implications.** (If the legislation has direct fiscal impacts (appropriations, revenue, positions), fill out the relevant sections below. If the financial implications are indirect or longer-term, describe them in narrative in the "Other Implications" section.)

<b>Budget program(s) affected:</b>				
<b>Estimated \$ Appropriation change:</b>	<b>General Fund \$</b>		<b>Other \$</b>	
	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>
	N/A		N/A	1,000,000
<b>Estimated \$ Revenue change:</b>	<b>Revenue to General Fund</b>		<b>Revenue to Other Funds</b>	
	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>
	N/A	4,000,000	N/A	
<b>Positions affected:</b>	<b>No. of Positions</b>		<b>Total FTE Change</b>	
	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>
	N/A	N/A	N/A	N/A
<b>Other departments affected:</b>	N/A			

### 3.a. Appropriations

☒ **This legislation adds, changes, or deletes appropriations in 2018 only**  
(If this box is checked, please complete this section. If this box is not checked, please proceed to Revenues/Reimbursements.)

<b>Fund Name and number</b>	<b>Dept</b>	<b>Budget Control Level Name/#*</b>	<b>2017 Appropriation Change</b>	<b>2018 Estimated Appropriation Change</b>
FAS		Regulatory Compliance and Customer Service	N/A	1,000,000
<b>TOTAL</b>				<b>1,000,000</b>

*\*See budget book to obtain the appropriate Budget Control Level for your department.*

(This table should reflect appropriations that are a direct result of this legislation. In the event that the project/programs associated with this ordinance had, or will have, appropriations in other legislation please provide details in the Appropriation Notes section below. If the appropriation is not completely supported by revenue/reimbursements listed below, please identify the funding source (e.g. available fund balance) to cover this appropriation in the notes section. Also indicate if the legislation changes appropriations one-time, ongoing, or both.)

#### Appropriations Notes:

### 3.b. Revenues/Reimbursements

☐ **This legislation adds, changes, or deletes revenues or reimbursements.**  
(If this box is checked, please complete this section. If this box is not checked, please proceed to Positions.)

#### Anticipated Revenue/Reimbursement Resulting from this Legislation:

<b>Fund Name and Number</b>	<b>Dept</b>	<b>Revenue Source</b>	<b>2017 Revenue</b>	<b>2018 Estimated Revenue</b>
GSF		New regulatory fee	N/A	4,000,000
<b>TOTAL</b>				

(This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below. Do the revenue sources have match requirements? If so, what are they?)

Revenue/Reimbursement Notes:

**4. OTHER IMPLICATIONS**

- a) **Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?**  
Reducing the Office of Labor Standards reliance on the General Subfund should have a positive impact on the overall City budget.
- b) **Is there financial cost or other impacts of not implementing the legislation?**  
If this ordinance is not approved and implemented the Office of Labor Standards will continue to be funded solely by the General Subfund.
- c) **Does this legislation affect any departments besides the originating department?**  
Yes, the Department of Finance and Administrative Services (FAS) will develop and implement the regulatory fee. OLS will be required to keep records on their investigatory and enforcement costs and report them annually to Council.
- d) **Is a public hearing required for this legislation?**  
No.
- e) **Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**  
N/A
- f) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**  
No
- g) **Does this legislation affect a piece of property?**  
No.
- h) **Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**  
Effective enforcement of the City's labor laws will positively impact the people of color, refugees and immigrants who often work in industries where there are potential labor law violations.
- i) **If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.**  
The Office of Labor Standards' Annual Report on investigation and enforcement efforts and costs will provide an opportunity for Council to review this fee.
- j) **Other Issues: None**

List attachments/exhibits below: None