



Legislation Text

File #: CB 119402, Version: 2

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE related to funding for the Equitable Development Initiative and affordable housing; creating a fund for short-term rental tax revenue.

WHEREAS, on November 13, 2017, the City Council passed Ordinance 125442, authorizing a tax on every person engaging within Seattle in the business of being a short-term rental operator, with specific direction on how the proceeds generated from the short-term rental tax should be expended; and

WHEREAS, on March 23, 2018, the Governor signed House Bill (HB) 2015, modifying the lodging excise tax under RCW 36.100.040 to remove the exemption for premises with fewer than 60 lodging units and to impose the tax on short-term rentals; and

WHEREAS, HB 2015 requires that a public facilities district within a county with a population of 1,500,000 or more must make quarterly payments to a city in which a convention and trade center is located from tax revenue from short-term rentals collected by a public facilities district only if: (1) the city had authorized on or before December 31, 2017, a tax on engaging in the business of being a short-term rental operator; and (2) the city has repealed the ordinance authorizing a tax on engaging in the business of being a short-term rental operator; and

WHEREAS, as a result of HB 2015, the public facilities district that operates the Washington State Convention Center will impose the lodging tax under RCW 36.100.040 on short-term rentals in Seattle; and

WHEREAS, in order to receive the tax revenue from short-term rentals as authorized by HB 2015, on June 4, 2018, the City Council passed Ordinance 125594, thereby repealing Ordinance 125442, repealing the

City's short-term rental tax that would have been imposed under Chapter 5.54 of the Seattle Municipal Code beginning January 1, 2019; and

WHEREAS, HB 2015 requires that the payments made to a city must be used to support community-initiated equitable development and affordable housing programs, as determined by the city in its sole discretion;

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. A new Short-Term Rental Tax Fund is created in the City Treasury effective January 1, 2020, to which proceeds remitted to The City of Seattle ("City") from the Washington State Convention Center Public Facilities District ("District"), from revenues collected by the District derived from short-term rental activity within the City, must be deposited, and from which expenditures may be paid for the purposes described in Section 2 of this ordinance. The purpose of creating the Short-Term Rental Tax Fund is to separately account for revenues received from the District and expended by City departments. The Fund shall receive earnings on its positive balances and pay interest on its negative balances.

Section 2. The new Short-Term Rental Tax Fund shall receive revenues from the payments made to the City from the District from revenue collected from short-term rentals in Seattle. In accordance with HB 2015, the services funded by the proceeds of the short-term rental tax shall support investments in affordable housing programs and community-initiated equitable development projects, including but not limited to projects described in Resolution 31711. The proceeds shall be used as follows:

A. The first \$5,000,000 of proceeds shall be directed to the Office of Planning and Community Development for grants made to organizations for investments in community-initiated equitable development projects. Grants made to organizations for community-initiated equitable development projects can be used for community capacity building and project development;

B. The next \$2,200,000 of proceeds shall be directed to debt service payments on bonds issued for affordable housing projects until that debt is retired;

C. The next \$3,300,000 of the proceeds shall be directed to the Human Services Department to support investments in permanent supportive housing;

D. The next \$1,069,000 of proceeds shall be directed to the Office of Planning and Community Development for consultant services, administration, and project management to support the program that provides grants to organizations for investments in community-initiated equitable development projects; and

E. Any remaining funds shall be directed to grants made to organizations for investments in community-initiated equitable development projects.

Section 3. The Director of Finance is authorized to create other Accounts or Subaccounts as may be needed to implement the Fund's purpose and intent as established by this ordinance.

Section 4. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the _____ day of _____, 2019, and signed by me in open session in authentication of its passage this ____ day of _____, 2019.

President _____ of the City Council

Approved by me this _____ day of _____, 2019.

Jenny A. Durkan, Mayor

Filed by me this _____ day of _____, 2019.

Monica Martinez Simmons, City Clerk

(Seal)