



Legislation Text

File #: CB 120463, Version: 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to adoption of the 2023 Budget and endorsement of the 2024 Proposed Budget; providing temporary flexibility on use of certain City funds to balance the City's budget over the 2023-2024 biennium; amending Section 5.38.055 of the Seattle Municipal Code; amending Resolution 31914; amending Ordinance 125872; and ratifying and confirming certain prior acts.

WHEREAS, the City faces a long-term structural budget General Fund deficit as existing reliable revenue streams have not grown as fast as inflation, or in some cases have even declined; and

WHEREAS, it is the intent of the Mayor and City Council to explore new progressive revenue options via the Seattle Revenue Stabilization Workgroup, which began its work in September 2022, to address that long-term structural budget deficit, with a goal of proposing progressive revenue options in 2023 that will help balance the 2025 Proposed Budget; and

WHEREAS, providing short-term, time-limited, and use specific flexibility on the use of Transportation Network Company Tax revenues, Short-term Rental Tax funds, or JumpStart Payroll Expense Tax funds will allow the City to balance a 2023 and 2024 budget without significant reductions in services and programs that are supported by revenues that make up the City's General Fund; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 5.38.055 of the Seattle Municipal Code, enacted by Ordinance 126393, is amended as follows:

5.38.055 Payroll expense tax-Allocation of proceeds

A. In any year where General Fund revenues from all sources approved as of January 1, 2020 are

projected to be lower than \$1,510,029,000 an amount equal to \$1,510,029,000 minus the projected General Fund collections from non-payroll expense tax sources may be transferred into the General Fund to support programs and services funded by the General Fund. Projected payroll expense tax revenues remaining after any transfer allowed by this subsection 5.38.055.A shall only be used to either expand existing programs or create new programs, including associated program cost increases, that are consistent with subsection 5.38.055.B, and the amounts may not be used to supplant appropriations from other funding sources.

B. Amounts remaining after accounting for the allowed uses in subsection 5.38.055.A shall be allocated in accordance with the spending plan adopted in Resolution 31957, and outlined in Ordinance 126109 as follows:

1. Up to five percent of the annual JumpStart Fund revenue total is to administer and evaluate the effectiveness of the payroll expense tax authorized by this Chapter 5.38, to administer the investments described in subsections 5.38.055.B.2 through 5.38.055.B.5, and to evaluate the effectiveness of at least those investments described in subsection 5.38.055.B.4. If less than five percent of remaining funds are needed for administration and evaluation, any remaining funds may be used for other programs and services described in subsections 5.38.055.B.2 through 5.38.055.B.5.

2. Sixty-two percent of the annual JumpStart Fund revenue total is for housing and services, which is further allocated as follows:

a. Eighty-two percent of the housing and services portion is allocated for: (i) capital costs associated with the construction or acquisition of rental housing serving households with incomes at or below 30 percent of area median income (AMI), but may be used to support housing serving households with incomes at or below 60 percent of AMI, when required to support the operational costs of a proposed housing project)); (ii) operating and services costs of rental housing serving households with incomes at or below 30 percent of AMI; and (iii) associated infrastructure to support the ongoing operations costs for the housing, such as maintenance, retrofitting, and energy efficient upgrades to support the housing.

b. Thirteen percent of the housing and services portion is allocated for community focused acquisition and development of affordable housing, and to support affirmative marketing efforts and development and implementation of community preference plans.

c. Five percent of the housing and services portion is allocated for permanently affordable homeownership opportunities serving households with incomes at or below 80 percent of AMI.

3. Nine percent of the annual JumpStart Fund revenue total is to support the Equitable Development Initiative (EDI) that supports community-initiated equitable development projects that advance economic mobility and opportunity, prevent residential, commercial, and cultural displacement, build on local cultural assets, promote transportation mobility and connectivity, develop healthy and safe neighborhoods, and enable equitable access to all neighborhoods.

4. Fifteen percent of the annual JumpStart Fund revenue total is to support local businesses and tourism to spur the local economic recovery, and to provide economic stability for the city's workforce.

5. Nine percent of the annual JumpStart Fund revenue total is for investments that advance Seattle's Green New Deal as described in Resolution 31895.

C. Except as provided in subsection 5.38.055.A, all uses of Payroll Expense Tax revenues as proscribed in subsection 5.38.055.B shall be in addition to funding levels for similar or the same programs as included in the City's 2020 Adopted Budget and shall not supplant existing funding from any City fund or revenue source.

D. Notwithstanding contrary provisions in subsections 5.38.055.A, 5.38.055.B, and 5.38.055.C, in the 2023 and 2024 budget for The City of Seattle, payroll expense tax revenues may be used as follows:

1. Up to \$29,406,172 million of unappropriated 2022 revenues, up to \$71,162,000 of 2023 projected revenues, and up to \$84,053,126 of projected 2024 revenues may be transferred into the General Fund if necessary to support the programs and services funded by the General Fund in the 2023 Adopted and 2024 Endorsed Budget that are in excess of available General Fund revenues. After fulfilling the requirements of Section 5.80.020, upon completion of the 2022, 2023, and 2024 fiscal years' accounting, any ending General

Fund fund balance, less encumbrances, carryforwards as authorized by ordinance or state law, and planned reserve amounts reflected in the 2023 or 2024 Adopted Budget, that is in excess of the latest revised estimate of the unreserved ending fund balance for that closed fiscal year (as published in the adopted budget), shall reduce the amount of JumpStart funds transferred to the General Fund in 2023 or 2024. If any such transfer has already been made, then any excess General Fund shall be transferred back to the JumpStart Fund at the time the City completes its accounting for the closed fiscal year.

2. Amounts remaining after accounting for the allowed uses in subsection 5.38.055.D.1, and after allowing for the appropriations described in Attachment A to this ordinance, shall be allocated in accordance with subsection 5.38.055.B.

Section 2. Resolution 31914 is amended as follows:

Section 1. **Spending Plan.** The City shall use the proceeds of the transportation network company (TNC) tax imposed by Chapter 5.39 of the Seattle Municipal Code to accelerate affordable housing production for low-wage workers and their families at locations that are within the frequent transit network, make investments in transportation, including transit, and provide for workplace protections. Eligible expenditures include:

A. Funding of the administration of the TNC tax and regulations related to TNC drivers up to \$2,000,000 in the first year and up to \$1,500,000 in the second, third, and fourth years. Beginning in year five, this amount may increase each year, subject to appropriations, to reflect the cost of administrating the TNC tax and regulations.

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Section 4. Notwithstanding contrary provisions in this resolution, in the 2023 and 2024 budget for The City of Seattle, TNC tax revenues may be used as follows:

A. Funding of the administration of the TNC tax and regulations related to TNCs up to five percent of the annual anticipated revenues from the TNC tax.

B. After administrative costs related to the tax and regulations related to TNCs as described in subsection 4.A of this resolution, the remainder of revenue collected shall be used to make investments in transportation, including transit, and to support other City General Fund activities.

C. Consistent with Washington Chapter 281, Laws of 2022, which creates a state level Transportation Network Company tax and preempts the City from enforcing the TNC Driver Minimum Compensation and TNC Driver Deactivation Rights Ordinances starting on January 1, 2023, no City funds shall be used for enforcing the TNC Driver Minimum Compensation and TNC Driver Deactivation Rights Ordinances.

Section 3. Ordinance 125872 is amended as follows:

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Section 5. Notwithstanding contrary provisions in this ordinance, in the 2023 and 2024 budget for The City of Seattle, proceeds from the short-term rental tax may be used as follows:

A. The first \$4,400,000 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 \$2,009,000 of proceeds shall be directed to debt service payments on bonds issued for affordable housing projects until that debt is retired;

C. The next \$3,535,000 of the proceeds shall be directed to the Human Services Department to support investments in permanent supportive housing;

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

Section 4. Any act consistent with the authority of this ordinance taken after its passage and prior to its

effective date is ratified and confirmed.

Section 5. 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 _____, 2022, and signed by me in open session in authentication of its passage this _____ day of _____, 2022.

President _____ of the City Council

Approved / returned unsigned / vetoed this _____ day of _____, 2022.

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2022.

Elizabeth M. Adkisson, Interim City Clerk

(Seal)

Attachments:

Attachment A - Appropriations from the JumpStart Fund for specific uses authorized only to balance the City's budget over the 2023-2024 biennium