

Multi-Department Revenue Summary

In recent years, the City of Seattle has implemented new dedicated revenues for specific purposes in multiple departments. The revenues and expenditures for these multi-department revenues are summarized in the financial plan section of the budget, and additional detail on the expenditure changes in the 2021 Adopted Budget is included below.

This section includes a summary of the following revenues:

Short-Term Rental Tax

Sweetened Beverage Tax

Transportation Network Company Tax

Community Development Block Grant (federal grant used in multiple departments)

Short-Term Rental Tax

The Short-Term Rental Tax (STRT) supports the Equitable Development Initiative (EDI), supportive housing and debt service. The Equitable Development Initiative (EDI) was established in 2016 to provide investments in neighborhoods that support those most impacted by displacement and low access to opportunity. The program's objectives include advancement of economic opportunity and wealth-building strategies, preventing displacement, and building on local cultural assets. Ordinance 125872 states that the Office of Planning and Community Development (OPCD) should receive an annual STRT allocation of \$5 million annually to provide EDI grants to outside organizations. However, short-term rental tax revenues are in decline due to the COVID-19 pandemic and will drop from about \$10.5 million annually to \$5.6 million in 2021. Therefore, the adopted budget utilizes \$4.7 million of General Fund revenues to supplement a \$300,000 allocation of STRT in OPCD's budget for EDI grants. In addition, the adopted budget allocates \$3.3 million of STRT for permanent supportive housing investments in the Human Services Department and \$2 million for debt service payments on low-income housing.

Sweetened Beverage Tax

Sweetened Beverage Tax (SBT) revenues are expected to partially rebound in 2021 after a large decline in 2020. In 2021, SBT revenues are expected to come in at \$20.8 million. Although this revenue forecast remains lower than 2019 collections by over \$3 million, the Proposed Budget largely maintains SBT-funded programming at existing levels. The budget also includes a one-time \$1.5 million increase to DEEL's budget for a new grant program for community organizations providing prenatal-to-3-year-old services. This program comes out of a recommendation from the SBT Community Advisory Board (CAB). DEEL will work closely with the CAB on implementation of the grant program. The Fresh Bucks program, which was expanded in 2020, will maintain this expansion on a permanent basis. Moreover, grant programming for community healthy food access will be consolidated in the Department of Neighborhoods (DON) which will launch the Healthy Fund Food program that was put on hold through 2020.

Transportation Network Company (TNC) Tax

On September 19, 2019, Mayor Jenny A. Durkan announced a proposed tax on rides with Transportation Network Companies (TNCs) that originate in the City of Seattle. Legislation submitted with the 2020 Proposed Budget exacted the tax, adopted a spending plan for the proceeds, appropriated 2020 revenues, and enacted driver protections. The City Council passed this legislation in November 2019. In 2020, projected revenues from the tax were severely reduced due to the COVID-19 crisis-related drop in TNC trip volume. Trips fell from 6.8 million in Quarter 2, 2019, to 811,950 in Quarter 2, 2020. In the first quarter since the tax's effective date, there were no qualifying taxpayers and therefore no revenue generated. Given the significant drop in trips and the anticipated gradual trip recovery, projected revenues from the tax are uncertain. The anticipated 2021 revenue is down 75% from the original forecast. This revenue estimate accounts for the new taxpayer eligibility threshold changed via ordinance from 1,000,000 or more rides in the prior quarter down to 200,000 or more rides in the prior quarter.

In the 2021 Adopted Budget, the Department of Finance and Administrative Services (FAS) is responsible for maintaining the accounting and tax infrastructure necessary to implement and enforce the tax. The Office of Labor Standards (OLS) is responsible for enforcing the TNC Minimum Compensation and Deactivation ordinances. OLS will also receive appropriations to stand up the Dispute Resolution Center (DRC), pending CBO certification of sufficient tax revenues. Finally, the Seattle Department of Transportation will receive an appropriation of \$1,500,000, pending the City collecting enough revenue to: 1) fund fixed costs for TNC tax implementation and administration in FAS and OLS; 2) pay back loans for 2020 expenditures, and; 3) fund the DRC.

Community Development Block Grant (CDBG)

Funding Source Overview

In 2017, as part of the implementation of a new enterprise-wide financial management system, the Community Development Block Grant (CDBG) Fund (17810) was dissolved and budget was distributed to various other funds in alignment with the direct fund model. The Human Services Department is the City department which acts as custodian for all grants from the U.S. Department of Housing and Urban Development, including CDBG funding. However, CDBG is a relatively flexible funding source and is used by many City departments.

Budget Overview

In the 2021 Adopted Budget, CDBG funds are distributed to departments and projects as detailed on the following page. All projects are subject to federal CDBG eligibility requirements, and for some projects final eligibility has not yet been determined. The 2021 project plan now includes an investment in the services provided by the Mt. Baker Family Center, as well as a note that funds supporting services previously provided by HSD will now be part of the City's contribution to the King County Regional Homelessness Authority.

Department	Title	2021 CDBG
HSD	Human Services Admin & Planning	\$1,203,841
	Homeless Services (KCHRA subrecipient grants)	\$3,151,628
	Homeless Services (KCHRA admin)	\$24,600
	Mt Baker Family Resource Center	\$345,502
	Minor Home Repair	\$449,917
	HSD Total	\$5,175,488
OH	Home Repair Revolving Loan Program, including activity delivery costs (staffing)	Revolving Loan Fund balance (minimum \$255,462)
	Homebuyer Assistance Revolving Loan Program	Revolving Loan Fund balance
	Office of Housing Admin & Planning	\$160,972
	Rental Housing Preservation and Development Revolving Loan Program	RLF balance (minimum \$490,278)
	OH Total	\$160,972
OED	Small Business Support	\$1,363,675
	COVID-19 Round 3 Small Business Grants	\$1,000,000
	OH Total	\$2,363,675
OIRA	Ready to Work Program	\$650,200
OPCD	Equitable Development Initiative	\$430,000
Parks	Seattle Conservation Corp Park Upgrades	\$808,000
Total		\$9,588,335

Expected resources 9,588,335

Balance **\$0**