

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 2022 Proposed 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. Short-term rental tax revenues were in decline in 2021 due to the COVID-19 pandemic, but they appear to be recovering. The proposed budget allocates \$5 million of STRT in OPCD's budget for EDI grants. In addition, the proposed budget allocates \$3.4 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

The 2022 proposed budget provides \$21.9 for SBT or Sweetened Beverage Tax-funded programming. The budget supports ongoing funding for Fresh Bucks and Healthy Food in Schools at the Office of Sustainability and Environment (OSE), the Childcare Assistance Program (CCAP) at the Department of Education and Early Learning (DEEL), food system support at the Human Services Department (HSD), and recreational programming at Seattle Parks and Recreation (SPR). Changes for 2022 include providing \$1.5 million in ongoing funding for DEEL's Prenatal-to-3 grant programming, which was first funded as a one-time pilot program for 2021, and which has been a priority for the Sweetened Beverage Tax Community Advisory Board. The 2022 proposed budget also restores \$1.5 million to the Department of Neighborhood's Equitable Food Fund (formerly the Healthy Food Fund), bringing its SBT funding to nearly \$3 million.

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Transportation Network Company (TNC) Tax

On September 19, 2019, Mayor Jenny A. Durkan announced a proposed tax on rides with Transportation Network Companies (TNCs) originating 1,000,000 trips or more per quarter from the City of Seattle. Legislation submitted with the 2020 Proposed Budget and passed as part of the 2020 Adopted budget enacted the tax, made appropriations based on forecast revenues, and enacted driver protections. However, due to the pandemic-related drop in TNC trip volume, projected revenues from the tax were subsequently reduced to \$0 for 2020 and 75% of the original forecast for 2021; 2020 spending and 2021 budget proposals were curtailed accordingly. As anticipated by the 2021 Proposed Budget, the City Council passed ordinances to reduce the trip threshold for tax eligibility from 1,000,000 down to 200,000 trips per quarter in November 2021. Accounting for this reduced trip threshold and anticipating a partial recovery in trip volumes, the 2022 Proposed Budget assumes \$9.1 million of TNC tax revenue, a 64% increase over the 2021 Adopted revenue forecast but still less than half of the original, pre-pandemic forecast for 2022.

In the 2022 Proposed Budget, the Department of Finance and Administrative Services (FAS) is responsible for maintaining the accounting and tax infrastructure necessary to enforce and collect the tax. The Office of Labor Standards (OLS) is responsible for enforcing the TNC Minimum Compensation and Deactivation ordinances and for operating the Dispute Resolution Center (DRC). Finally, the Seattle Department of Transportation and the Office of Housing will receive appropriations of \$3.25 million and \$1.3 million respectively.

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 (HSD) 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 2022 Proposed Budget, CDBG funds are distributed to departments and projects as detailed in Table 1. All projects are subject to federal CDBG eligibility requirements, and for some projects, final eligibility has not yet been determined. As with the 2021 project plan, the 2022 project plan notes that funds supporting services previously provided by HSD will continue to be part of the City's contribution to the King County Regional Homelessness Authority (KCRHA). Table 2 below shows expected income from CDBG-funded loan programs managed by the Office of Housing.

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Table 1: Community Development Block Grant (CDBG) 2022 Project Plan

Department	Title	2022 CDBG
Human Services Department (HSD)	Human Services CDBG Admin & Planning	\$1,012,527
	Homeless Services (KCRHA subrecipient grants)	\$3,151,628
	Homeless Services (KCRHA admin)	\$24,600
	Community Facilities Clinic Development	\$1,000,000
	Mount Baker Family Resource Center	\$155,734
	Minor Home Repair	\$449,917
	HSD Total	\$5,794,406
Office of Housing (OH)	Office of Housing CDBG Admin & Planning	\$160,972
Office of Economic Development	Small Business Support	\$1,364,000
Office of Immigrant and Refugee Affairs	ESL for Work (Ready to Work)	\$650,200
Office of Planning and Community Development	Equitable Development Initiative	\$430,000
Seattle Parks and Recreations	Seattle Conservation Corp Park Upgrades	\$808,000
Total		\$9,207,578

Expected Resources	\$9,207,578
Balance	\$0

Table 2: Community Development Block Grant (CDBG) 2022 Expected Program Income

Department	Title	2022 CDBG Program Income
Office of Housing (OH)	Home Repair Revolving Loan Program	\$605,462
	Homebuyer Assistance Revolving Loan Program	\$315,004
	Rental Housing Preservation and Development Revolving Loan Program	\$366,435
Total		\$1,286,901

