

## 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 2023-2024 Proposed Budget is included below.

This section includes a summary of the following revenues:

JumpStart Payroll Expense Tax

Sweetened Beverage Tax

Short-Term Rental Tax

Transportation Network Company Tax

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

### JumpStart Payroll Expense Tax

The 2023-2024 Proposed Budget includes \$306.3 million in expenditures backed by JumpStart Payroll Expense Tax revenues in 2023 and \$309.5 million in 2024. Proposed 2023 expenditures include an \$85.9 million transfer to the City's General Fund to support general operating expenses and \$84 million in 2024. The proposed General Fund transfer in 2023 is comprised of \$71.2 million in projected 2023 payroll tax revenues and \$14.7 million in unallocated 2022 payroll tax revenues.

The amounts remaining after general fund transfers are allocated according to the spending plan outlined in Section 5.38.055 of the Seattle Municipal Code. These amounts total \$220.5 million in 2023 and \$225.4 million in 2024. For 2023, this includes:

**Housing and Services:** The proposed budget includes \$138 million in payroll tax-backed investments in affordable housing for low-income households. \$137.6 million of this will support the Office of Housing's work to develop or acquire affordable housing and foster affordable homeownership opportunities. The remainder will support investments in the Seattle Department of Construction and Inspections to provide eviction legal defense and the Department of Finance and Administrative Services to provide compliance efforts related to contracting standards in affordable housing development.

**Economic Revitalization:** The proposed budget includes \$32.7 million in payroll tax-backed investments spread across ten City departments to support a wide range of economic development and affordability programs. The Office of Economic Development will receive \$16.4 million to support commercial affordability, downtown and neighborhood economic recovery, workforce development, an export accelerator initiative, capital for small business development, and a new Seattle Jobs Center program. Major one-time investments will also go to the Human Services Department to support the development of the Rainier Valley Early Learning Campus, and to the Department of Education and Early Learning to support hiring and retention bonuses for child care workers who work in a licensed facility in the city.

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**Green New Deal:** The proposed budget includes \$20.5 million, spread across eight City departments, for Green New Deal spending backed by payroll tax revenues. Of this amount, over \$8 million will go to the Office of Sustainability and Environment to support a range of investments in green economy workforce development, building performance and emissions standards, electric vehicles, and environmental justice. Other major investments include approximately \$2.5 million to the Department of Transportation to support work on the West Seattle-Ballard Light Rail Extension project, \$3.5 million each to Parks and Recreation and Seattle Public Library to support decarbonization of their facilities and development of climate resilience hubs at community centers and library branches, and nearly \$2 million to the Office of Housing to support residential oil-to-electric heat conversions.

**Equitable Development Initiative:** The proposed budget includes a \$20.2 million to support the Equitable Development Initiative (EDI) in the Office of Planning and Community Development. EDI invests in neighborhoods most impacted by displacement and low access to economic opportunities, and aims to expand opportunity, prevent displacement, and build on local cultural assets. The proposed budget provides a total of \$23.9 million for EDI grants in 2023, including contributions coming from the Short-Term Rental Tax and Community Development Block Grant.

**Administration and Evaluation:** The proposed budget includes \$8.8 million to support the administration of the payroll tax and evaluation of the programs it funds. This amount includes two transfers from the payroll tax fund to the general fund: a \$3 million transfer to cover costs not yet quantified through a formal central rate allocation formula, and a \$5.8 million transfer to cover specific administrative and evaluation expenses identified in the City Budget Office, Department of Neighborhoods, Office of Economic Development, Office of Housing, Office of Sustainability and Environment, Finance and Administrative Services, Department of Human Resources, and Legislative Department.

The proposed budget also sets aside \$29.4 million in unallocated 2022 payroll tax revenues to fully fund a revenue stabilization reserve in the JumpStart Payroll Expense Tax Fund. This amount complies with a proposed revenue stabilization reserve policy, which is included as a companion Resolution with the proposed budget. This policy proposes to maintain in the adopted budget each year a reserve equal to ten percent of the following year’s projected payroll tax revenue. As of August 8<sup>th</sup>, 2022, the City’s Office of Economic and Revenue Forecasting projects 2023 payroll tax revenues at \$294.1 million.

Department	Payroll Tax Expenditure Category	2023 Allocation
City Budget Office	Economic Revitalization	\$289,710
	<b>CBO Total:</b>	<b>\$289,710</b>
Department of Education and Early Learning	Economic Revitalization	\$5,300,000
	<b>DEEL Total:</b>	<b>\$5,300,000</b>
Finance and Administrative Services	Economic Revitalization	\$550,000
	Green New Deal	\$646,775
	Housing and Services	\$155,452
	<b>FAS Total:</b>	<b>\$1,352,227</b>
Department of Neighborhoods	Economic Revitalization	\$190,776
	<b>DON Total:</b>	<b>\$190,776</b>

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Finance General	2023 Revenue Transfer to General Fund	\$71,162,280
	2022 Underspend Transfer to General Fund	\$14,700,000
	Administration and Evaluation <sup>1</sup>	\$8,774,514
	Economic Revitalization	\$1,850,000
	<b>FG Total:</b>	<b>\$96,486,794</b>
Human Services Department	Economic Revitalization	\$6,400,000
		<b>HSD Total:</b>
Office of Economic Development	Economic Revitalization	\$16,441,748
	Green New Deal	\$350,000
		<b>OED Total:</b>
Office of Housing	Green New Deal	\$1,855,555
	Housing and Services	\$137,621,016
		<b>OH Total:</b>
Office of Immigrant and Refugee Affairs	Economic Revitalization	\$163,289
		<b>OIRA Total:</b>
Office of Planning and Community Development	Economic Revitalization	\$820,614
	Equitable Development Initiative	\$20,066,002
	Green New Deal	\$162,395
		<b>OPCD Total:</b>
Office of Sustainability and Environment	Green New Deal	\$8,165,899
		<b>OSE Total:</b>
Seattle Center	Economic Revitalization	\$100,000
		<b>Seattle Center Total:</b>
Seattle Department of Transportation	Green New Deal	\$2,555,208
		<b>SDOT Total:</b>
Seattle Parks and Recreation	Green New Deal	\$3,500,000
		<b>SPR Total:</b>
Seattle Public Library	Green New Deal	\$3,500,000
		<b>SPL Total:</b>
Seattle Department of Construction and Inspections	Housing and Services	\$455,985
		<b>SDCI Total:</b>
Seattle Information Technology	Economic Revitalization	\$548,420
		<b>Seattle IT Total:</b>
	<b>Citywide Total</b>	<b>\$306,325,638</b>
<sup>1</sup> This item includes \$3 million for general administration costs and \$5,774,514 to support payroll tax-specific administrative needs identified in the City Budget Office, Department of Neighborhoods, Office of Economic Development, Office of Housing, Office of Sustainability and Environment, Finance and Administrative Services, Department of Human Resources, and the Legislative Department		

### Sweetened Beverage Tax

The 2023-2024 Proposed Budget provides \$21.9 million for SBT or Sweetened Beverage Tax-funded programming. The budget supports ongoing funding for programs such as 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 Summer of Safety and Food and Fitness programming at Seattle Parks and Recreation (SPR). Due to lower than projected revenues from 2022 through 2026, SBT-funded

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programs were evaluated for reductions that would not impact direct services and benefits for individuals and families in need. After 2023 base budget increases of approximately \$545,000 for items that include contract inflation and AWI adjustments, reductions of \$578,000 were then taken in 2023 and ongoing reductions of \$478,000 were taken in 2024 in various SBT-funded programs (please see department budgets for more details).

### Short-Term Rental Tax

The Short-Term Rental Tax (STRT) supports the Equitable Development Initiative (EDI), permanent supportive housing and related debt service. The 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. Short-term rental tax revenues are projected to be in decline in 2023 due to the COVID-19 pandemic and general economic conditions. Ordinance 125872 allocates the first \$5 million of STRT to the Office of Planning and Community Development (OPCD) for EDI grants to outside organizations, allocates the next \$2.2 million to debt service, and allocates the next \$3.3 million to the Human Services Department for permanent supportive housing. Because the projected revenues (\$9.3 million) are insufficient to support all of these allocations, and because the JumpStart Payroll Expense Tax is now providing significant funding for EDI, the proposed budget includes legislation that changes the STRT allocations so that debt service is funded first, permanent supportive housing is funded next, and remaining funding is allocated for EDI grants. The proposed budget allocates \$4 million of STRT in OPCD's budget for EDI grants, \$3.4 million for permanent supportive housing investments in the Human Services Department and \$2 million for debt service payments on low-income housing.

### Transportation Network Company (TNC) Tax

The 2023-2024 Proposed Budget projects \$5.9 million in 2023 and \$6.8 million in 2024 from the Transportation Network Company (TNC) tax. The TNC Tax began collecting revenue in 2021 and has seen a reduction to the anticipated revenue due to a slower rebound of users and the creation of a state led Transportation Network Company tax. Washington State Engrossed Substitute House Bill 2076 preempts the City from Washington State passed ESHB 2076 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. ESHB 2076 also reduces the per trip fee from \$0.57/trip to \$0.42/trip effective January 1, 2023.

Accounting for the reduced per trip fee and slow recovery in trip volumes, the 2023-2024 Proposed Budget assumes \$5.9 million of TNC tax revenue in 2023, a 35% reduction over the 2022 Adopted revenue forecast.

The previously passed Spending Resolution 31914 outlined how the proceeds of the TNC Tax were to be spent, which includes the 2023 preempted components. The City has submitted a modified resolution to

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account for these changes. The revised spending plan states that the proceeds shall be used to administrate the tax and the City’s regulation of TNC, and to make General Fund investments, including in transportation projects. In the 2023-2024 Proposed Budget, the Department of Finance and Administrative Services (FAS) is responsible for the accounting, collection, and enforcement of the tax and will receive appropriations of \$296,000 in 2023 and \$338,000 in 2024. The Seattle Department of Transportation will receive appropriations of \$6.1 million in 2023 and \$6.5 million in 2024 to support ongoing transportation-related work.

### 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) acts as custodian for all grants from the U.S. Department of Housing and Urban Development, including CDBG funding which is utilized for programming in several City departments.

#### Budget Overview

In the 2023-2024 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 final eligibility has not yet been determined for all projects currently under consideration. As with the 2022 project plan, the 2023 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.

**Table 1: Community Development Block Grant (CDBG) 2023 Project Plan**

Department	Title	2023CDBG
Human Services Department (HSD)	Human Services CDBG Admin & Planning	\$1,009,886
	Homeless Services (KCRHA subrecipient grants)	\$3,154,270
	Homeless Services (KCRHA admin)	\$24,600
	Community Facilities Development	\$1,000,000
	Mount Baker Family Resource Center	\$155,734
	Minor Home Repair	\$449,917
	<b>HSD Total</b>	<b>\$5,794,407</b>
Office of Housing (OH)	Office of Housing CDBG Admin & Planning	\$160, 972
Office of Economic Development	Small Business Support	\$1,363,675

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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 Corps Park Upgrades	\$808,000
<b>Total</b>		<b>\$9,207,254</b>
Expected Resources		\$9,207,254
<b>Balance</b>		<b>\$0</b>

**Table 2: Community Development Block Grant (CDBG) 2023 Expected Program Income**

Department	Title	2023 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
<b>Total</b>		<b>\$1,286,901</b>