

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 Adopted and 2024 Endorsed budgets include \$321.4 million in appropriation backed by JumpStart Payroll Expense Tax (payroll tax) revenues in 2023 and \$309.3 million in 2024.

The Mayor's proposed 2023 budget included an \$85.9 million transfer from the JumpStart Payroll Expense Tax Fund to the City's General Fund to support general operating expenses. The proposed General Fund transfer for 2023 was comprised of \$71.2 million in projected 2023 payroll tax revenues and \$14.7 million in unanticipated 2022 payroll tax revenues. The City Council added an additional transfer to the General Fund of \$14.7 million, bringing the total General Fund transfer for general operating expenses to \$100.6 million in 2023. The City Council funded this additional transfer by reducing a \$29.4 million revenue stabilization reserve in the Mayor's proposed budget from ten percent (\$29.4 million) to five percent (\$14.7 million) of 2023 forecasted revenues. 2023 payroll tax revenues were forecasted to be \$294.1 million at the time the budget was passed.

The amount remaining after the General Fund transfers described above is allocated according to the spending plan outlined in Section 5.38.055 of the Seattle Municipal Code (SMC), and amended in Ordinance 126719, which provides temporary flexibility to spend payroll tax proceeds on items deemed by the City Council to not be in alignment with Section 5.38.055 of the SMC. These amounts available after General Fund transfers total \$220.9 million in 2023 and \$225.2 million in 2024. For 2023, this includes:

Housing and Services: \$137.6 million in payroll tax-backed investments in affordable housing for low-income households. This funding will support the Office of Housing's work to develop, acquire, preserve, and operate affordable housing and foster affordable homeownership opportunities.

Economic Revitalization: \$32.1 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 \$15.3 million to support commercial affordability, downtown and neighborhood economic recovery, and workforce development. Major one-time

investments will also go to the Human Services Department to support the development of the Rainier Valley Early Learning Campus, 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, and to the Department of Neighborhoods to support equitable economic development and wealth-building programs.

Green New Deal: \$20.3 million spread across eight City departments for Green New Deal programs and initiatives. Of this amount, over \$15 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 nearly \$2 million to the Office of Housing to support residential oil-to-electric heat conversions, \$1 million to Seattle Parks and Recreation to implement Climate Resilience Hubs and Climate Conscious Buildings, and \$1 million to the Seattle Public Library for facility decarbonization.

Equitable Development Initiative: \$20.1 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 2023 adopted budget provides a total of \$23.9 million for EDI grants, including contributions coming from the Short-Term Rental Tax and Community Development Block Grant.

Administration and Evaluation: \$7.9 million to support the administration of the payroll tax and evaluation of the programs funded by its proceeds. This amount includes two transfers from the JumpStart Payroll Expense 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 \$4.9 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, Department of Finance and Administrative Services, Seattle Department of Human Resources, and Legislative Department.

Temporary Flexibility: \$2.8 million authorized on a one-time basis in 2023 and 2024 to support four specific investments that would not otherwise be deemed eligible by the Council as payroll tax expenditures. These items include a transfer to the Sweetened Beverage Tax Fund to offset decreasing revenues, funding for the Department of Education and Early Learning to support mental health services in schools, funding for the Seattle Department of Construction and Inspections for eviction legal defense, and funding for the Office of Planning and Community Development to support outreach and planning related to Sound Transit 3.

The proposed budget also set 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 was included as a companion Resolution with the proposed budget. This policy proposed 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, 2022, the City's Office of Economic and Revenue Forecasts projected 2023 payroll tax revenues at \$294.1 million. As discussed above, the City Council subsequently reduced this proposed reserve from ten percent to five percent by transferring an additional \$14.7 million to support general government expenses in the General Fund.

Department	Payroll Tax Expenditure Category	2023 Allocation
Department of Education and Early Learning	Economic Revitalization	\$5,300,000
	Temporary Flexibility (Mental Health in Schools)	\$1,000,000
	DEEL Total:	\$6,300,000
Finance and Administrative Services	Green New Deal	\$646,775
	FAS Total:	\$646,775
Department of Neighborhoods	Economic Revitalization	\$2,040,776
	DON Total:	\$2,040,776
Finance General	Transfer to General Fund (2023 Revenue)	\$71,162,280
	Transfer to General Fund (2022 Underspend)	\$14,700,000
	Transfer to General Fund (Council Action)	\$14,705,892
	Administration and Evaluation	\$7,940,300
	Temporary Flexibility (Sweetened Beverage Fund Support)	\$1,200,000
	FG Total:	\$109,708,472
Human Services Department	Economic Revitalization	\$6,950,000
	HSD Total:	\$6,950,000
Office of Arts and Culture	Economic Revitalization	\$500,000
	Arts & Culture Total:	\$500,000
Office of Economic Development	Economic Revitalization	\$15,299,722
	Green New Deal	\$350,000
	OED Total:	\$15,649,722
Office of Housing	Green New Deal	\$1,855,555
	Housing and Services	\$137,621,016
	OH Total:	\$139,476,571
Office of Immigrant and Refugee Affairs	Economic Revitalization	\$163,289
	OIRA Total:	\$163,289
Office of Planning and Community Development	Economic Revitalization	\$1,070,614
	Equitable Development Initiative	\$20,066,002
	Temporary Flexibility (Sound Transit 3 Staffing)	\$162,395
	OPCD Total:	\$21,299,011
Office of Sustainability and Environment	Green New Deal	\$15,156,012
	OSE Total:	\$15,156,012
Seattle Center	Economic Revitalization	\$100,000
	Seattle Center Total:	\$100,000
Seattle Department of Transportation	Green New Deal	\$250,000
	SDOT Total:	\$250,000
Seattle Parks and Recreation	Economic Revitalization	\$300,000
	Green New Deal	\$1,000,000
	SPR Total:	\$1,300,000
Seattle Public Library	Green New Deal	\$1,000,000
	SPL Total:	\$1,000,000
Seattle Department of Construction and Inspections	Temporary Flexibility (Eviction Legal Defense)	\$455,985
	SDCI Total:	\$455,985
Seattle Information Technology	Economic Revitalization	\$421,862
	Seattle IT Total:	\$421,862
Citywide Total		\$321,418,475

This item includes \$3 million for general administration costs and \$4,940,300 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 Adopted and 2024 Endorsed Budget provides \$21.6 million for SBT or Sweetened Beverage Tax-funded programming. This includes \$20.4 million in direct SBT revenues and \$1.2 million in one-time transfers (in both 2023 and 2024) from JumpStart revenues. Due to a decrease in projected revenues from 2022 through 2026, SBT-funded 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). This 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).

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 (\$9.4 million) are insufficient to support all of these allocations, the City Council adopted Ordinance 126719 as part of the 2023 Adopted and 2024 Endorsed Budgets to provide, on a one-time basis for two years, temporary flexibility to spend STRT as follows: \$4.4 million of STRT in OPCD's budget for EDI grants, \$3.5 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 Adopted and 2024 Endorsed 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 Adopted and 2024 Endorsed 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 functions that are preempted beginning in 2023. The City Council approved temporary modifications to the spending resolution for the 2023-24 biennium. The Department of Finance and Administrative Services (FAS) is responsible for the accounting, collection, and enforcement of the tax and is appropriated \$296,000 in 2023 and \$338,000 in 2024 to perform these functions. The Seattle Department of Transportation is appropriated \$6.1 million in 2023 and \$6.5 million in 2024 to support ongoing transportation-related work. After 2024, TNC tax proceeds will be available for affordable housing near frequent transit, transportation, and administration.

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 Adopted and 2024 Endorsed budgets' 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
	HSD Total	\$5,794,407

Office of Housing (OH)	Office of Housing CDBG Admin & Planning	\$160,972
Office of Economic Development	Small Business Support	\$1,363,675
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
Total		\$9,207,254

Expected Resources \$9,207,254

Balance \$0

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
Total		\$1,286,901