

SUPPLEMENT TO 2020 PROPOSED BUDGET BOOK

Transportation Network Company (TNC) Tax

Overview

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. Proceeds from the tax, scheduled to go into effect on July 1, 2020, will be used to fund a variety of investments in affordable housing, transportation including transit, and a series of measures designed to support TNC drivers.

Due to the timing of the Mayor's proposal, the 2020 revenue and appropriations associated with the tax are not reflected elsewhere in the budget book. Legislation submitted with the 2020 Proposed Budget enacts the tax, adopts a spending plan for the proceeds, appropriates 2020 expenditures based on anticipated revenues, and enacts driver protections. The financial impacts are summarized below.

Revenue

If the TNC tax goes into effect on July 1, 2020 as planned, it is estimated to generate \$9,655,485 of General Fund revenue in the half-year of collection in 2020. Estimates for future years are found in the chart below.

Year	2020 (half-year)	2021	2022	2023	2024	2025
Est. Revenue	\$9,655,485	\$21,657,592	\$23,853,906	\$25,077,977	\$25,987,479	\$26,929,217

Revised General Fund Revenue tables are found on the following pages.

Appropriations

Before the tax is implemented, the Department of Finance and Administrative Services (FAS) will work to set up the accounting and tax infrastructure necessary to implement and enforce the tax beginning July 1, 2020. The department will receive \$1,546,000 in appropriations to do this work.

The remainder of the 2020 funds (\$8,109,485) are appropriated into Finance General, which is a mechanism to hold appropriations temporarily. It is anticipated that those funds will be moved from Finance General into the Seattle Department of Transportation, Office of Housing, Office of Labor Standards, and Department of Finance and Administrative Services in the first half of 2020.

2020 – Revenues and Appropriations

\$9,655,485 – Revenue to General Fund (00100) – Finance General

\$1,546,000 – Appropriations to Department of Finance and Administrative Services

\$1,365,370 to General Fund (00100) – City Finance Budget Summary Level (BO-FA-CITYFINANCE)

\$180,630 to General Fund (00100) – Regulatory Compliance and Consumer Protection BSL (BO-FA-RCCP)

\$8,109,485 – Appropriations to Finance General

General Fund (00100) – Reserves Budget Summary Level (BO-FG-2QD00)

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Description of Incremental Budget Changes

FAS Resource Needs for the Transportation Network Company (TNC) Tax

Expenditures	\$1,546,000
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Transportation Network Company Tax Reserve

Expenditures	\$8,109,485
Revenues	\$9,655,485

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Figure 10. Revised General Fund Revenue, 2018 – 2020*
(in thousands of dollars)

Account Code	Revenue	2018 Actuals	2019 Adopted	2019 Revised	2020 Endorsed	2020 Proposed
311010	Property Tax	260,616	267,942	268,207	278,238	278,786
311010	Property Tax-Medic One Levy	50,711	52,187	52,495	71,212	67,100
313010	Retail Sales Tax	254,492	262,806	266,195	268,078	272,162
313030	Use Tax - Brokered Natural Gas	1,407	1,479	1,485	1,516	1,358
313040	Retail Sales Tax - Criminal Justice	21,783	22,289	23,220	22,736	24,103
316010	Business & Occupation Tax (100%)	274,774	285,467	289,660	295,092	296,939
316020	Admission Tax	11,616	11,302	11,585	11,661	11,691
316070	Utilities Business Tax - Natural Gas (100%)	8,739	11,789	10,929	12,114	11,310
316080	Utilities Business Tax - Solid Waste (100%)	1,829	1,650	1,650	1,800	1,800
316100	Utilities Business Tax - Cable Television (100%)	16,287	16,131	15,498	15,630	14,739
316110	Utilities Business Tax - Telephone (100%)	20,048	20,133	18,897	19,482	18,419
316120	Utilities Business Tax - Steam (100%)	1,086	1,350	1,276	1,390	1,281
316180	Tonnage Tax (100%)	6,385	6,439	6,439	6,634	6,634
317040	Leasehold Excise Tax	5,932	5,250	5,500	5,250	5,500
317060	Gambling Tax	551	425	500	425	475
317090	Short-term Rental Tax	-	10,500	10,500	10,500	-
318100	Sweetened Beverage Tax	22,254	21,386	23,970	21,921	-
335030	Pleasure Boat Tax	131	125	125	125	125
360900	Transportation Network Company Tax	-	-	-	-	9,655
	Total External Taxes	958,640	998,651	1,008,131	1,043,804	1,022,078
316130	Utilities Business Tax - City Light (100%)	54,293	58,010	57,446	60,148	61,150
316140	Utilities Business Tax - City Water (100%)	33,784	33,925	34,500	35,043	34,936
316150	Utilities Business Tax - Drainage/Waste Water (100%)	49,963	51,115	50,876	55,420	55,420

* In the past, 10% of certain tax and fee revenues were shown as revenue to the Parks and Recreation Fund and 90% as General Fund. As of 2009, 100% of these revenues (depicted as "100%" in the table) are deposited into the General Fund. General Fund support to the Department of Parks and Recreation is well above the value of 10% of these revenues.

Account Code	Revenue	2018 Actuals	2019 Adopted	2019 Revised	2020 Endorsed	2020 Proposed
316160	Utilities Business Tax - City SWU (100%)	21,028	20,622	20,622	21,502	21,502
	Total Interfund Taxes	159,068	163,672	163,444	172,113	173,008
321010	Professional & Occupational Licenses (100%)	6,134	5,600	5,600	5,964	5,964
321100	Business License Fees (100%)	17,314	17,439	18,163	17,857	18,599
321900	Marijuana License Fees	248	-	548	-	548
322030	Fire Permits & Fees	7,147	7,406	7,775	7,234	7,369
322040	Street Use Permits	960	2,225	2,725	2,175	2,260
322170	Vehicle Overload Permits	264	280	280	260	260
322200	Other Licenses, Permits & Fees	1,514	1,147	1,132	1,147	1,132
322260	Meter Hood Service	4,691	3,985	4,250	3,585	4,500
322900	Other Non Business Licenses	1,256	1,373	1,302	1,371	1,300
	Total Licenses	39,528	39,454	41,775	39,593	41,932
331110	Federal Grants - Other	7,558	188	-	188	1,559
331110	Federal Grants - CDBG	55	2,459	2,459	1,934	2,194
333000	Federal Indirect Grants - Other	4,346	-	-	-	1,012
334010	State Grants - Other	5,275	3,924	4,522	3,928	4,450
	Total Federal and State Grants	17,235	6,572	6,982	6,051	9,214
335010	Marijuana Excise Tax	1,854	1,500	1,500	1,500	1,500
335060	Trial Court Improvement Account	154	165	165	165	165
335070	Criminal Justice Assistance	3,939	3,715	3,715	3,715	3,715
335140	Liquor Excise Tax	3,681	3,650	3,650	3,750	3,750
335150	Liquor Board Profits	5,914	5,950	5,950	5,950	5,950
	Total State Entitlements/Impact Programs	15,541	14,980	14,980	15,080	15,080
337010	Interlocal Agreement	4,205	-	25	-	-
341060	Copy Charges	58	76	55	76	55
341180	Legal Services	2,136	15	657	15	1,434
341190	Automated Fingerprint Information System (AFIS)	3,926	4,504	3,926	4,504	3,926
341190	Fire Special Events Services	1,767	1,320	1,548	1,303	1,530

Account Code	Revenue	2018 Actuals	2019 Adopted	2019 Revised	2020 Endorsed	2020 Proposed
341190	Personnel Services	1,103	1,103	1,330	1,092	1,330
341220	Animal Shelter Licenses & Fees	2,281	2,400	2,482	2,375	2,532
341220	Other Service Charges - General Government	683	1,028	746	1,093	766
341220	Vehicle Towing Revenues	-	650	650	650	650
342010	Law Enforcement Services	9,736	6,951	8,460	6,986	7,201
342050	Adult Probation and Parole (100%)	270	300	300	300	300
342120	E-911 Reimbursements & Cellular Tax Revenue	2,204	3,489	2,114	3,497	3,531
342160	Emergency Alarm Fees	2,823	-	100	-	100
	Total External Service Charges	31,190	21,836	22,392	21,891	23,356
342040	Court Fines (100%)	26,663	25,864	27,030	25,793	27,127
350080	Municipal Court Cost Recoveries (100%)	202	300	300	300	300
	Total Court Fines	26,865	26,164	27,330	26,093	27,427
360010	Interest on Investments	5,365	8,607	6,295	9,362	6,765
360130	Other Interest Earnings	924	250	450	250	450
360290	Parking Meters	39,013	41,133	39,119	41,014	39,019
360900	Other Miscellaneous Revenue	12,933	4,732	2,802	4,813	69,627
	Total Miscellaneous Revenues	58,235	54,722	48,666	55,439	115,861
341900	Interfund Revenue to City Budget Office	1,826	1,883	1,883	1,874	1,874
341900	Interfund Revenue to HR	9,083	17,039	18,004	17,307	22,304
341900	Miscellaneous Interfund Revenue	20,811	24,034	24,034	23,870	23,870
	Total Interfund Charges	31,720	42,956	43,921	43,051	48,048
341900	Transfer from - Utilities for Council Oversight	564	600	600	600	600
397010	Transfer from - Other Fund	5,844	18,845	19,335	3,762	2,334
	Total Operating Transfers	6,408	19,445	19,935	4,362	2,934
	Total General Fund	1,344,430	1,388,452	1,397,555	1,427,476	1,478,937