

**FISCAL NOTE FOR NON-CAPITAL PROJECTS**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>CBO Analyst/Phone:</b>
Legislative	Calvin Chow/x4-4652	n/a

**Legislation Title:**

AN ORDINANCE relating to taxation for transportation purposes; imposing an employee hours tax; increasing the commercial parking tax; adding a new Chapter 5.38 to Title 5 of the Seattle Municipal Code; and amending sections in Chapters 5.30, 5.55, 5.35, and 3.02.

**Summary of the Legislation:**

This legislation levies an Employee Hours Tax of \$18 per employee and raises the Commercial Parking Tax by 5%. Revenues from these new taxes will be deposited in the Transportation Fund and used to purchase transit service for Seattle and offset planned King County Metro service cuts.

**Background:**

In April 2014, the King County Transportation Benefit District proposed a ballot measure to fund King County Metro with a one-tenth of one percent sales tax and a sixty dollar vehicle fee on all vehicles within the county. The ballot measure failed by a vote of King County residents, despite support from a large majority of voters in the City of Seattle. Following the failure of the county vote, the Seattle Transportation Benefit District (STBD) is considering a similar city-only measure for the November 2014 ballot.

Because the City of Seattle has additional forms of taxation authority available which are less regressive than the sales tax, this legislation proposes to implement an employee head tax and increase the commercial parking tax to replace the revenue which would otherwise be raised by the STBD sales tax.

Please check one of the following:

**This legislation does not have any financial implications.**

**This legislation has financial implications.**

**Appropriations:**

None.

Appropriations Notes:

This legislation does not provide appropriations. Future appropriation would be needed in the 2015-2016 Budget, or in supplemental budget actions.

**Anticipated Revenue/Reimbursement Resulting from this Legislation:**

<b>Fund Name and Number</b>	<b>Department</b>	<b>Revenue Source</b>	<b>2014 Revenue</b>	<b>2015 Revenue</b>
Transportation Fund (10310)	SDOT	Employee Hours Tax	\$0	\$7,000,000
Transportation Fund (10310)	SDOT	Commercial Parking Tax	\$0	\$13,000,000
<b>TOTAL</b>			<b>\$0</b>	<b>\$20,000,000</b>

Revenue/Reimbursement Notes:

Anticipated revenue from the Employee Hours Tax is based on an estimate of approximately 385,000 taxable FTEs within the City of Seattle. Anticipated revenue from the Commercial Parking Tax increase is based on current projections of the existing tax.

**Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:**

None.

Position Notes:

This legislation anticipates that these new taxes will be administered with existing resources.

**Do positions sunset in the future?**

N/A.

**Spending/Cash Flow:**

N/A.

Spending/Cash Flow Notes:

This legislation does not authorize spending. Future legislation is anticipated to authorize purchase of transit service hours with these revenues.

**Other Implications:**

- a) **Does the legislation have indirect financial implications, or long-term implications?**  
 This legislation establishes new taxes.
- b) **What is the financial cost of not implementing the legislation?**  
 Not implementing this legislation would eliminate a source of City of Seattle revenue which could be used to purchase transit service hours.
- c) **Does this legislation affect any departments besides the originating department?**  
 This legislation impacts FAS, which would administer the new employee hours tax, and SDOT, which would receive funding from the proposed taxes and negotiate the purchase

of service hours from King County Metro. Appropriations for these departments will need to be approved in the 2015-2016 Budget or in a supplemental budget action.

**d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?**

The Seattle Transportation Benefit District (STBD) is considering a proposal to put a transit funding measure before Seattle voters, which would enact a 0.1 % sales tax and a \$60 vehicle license fee. This legislation provides alternative sources of revenue (utilizing City of Seattle taxing authority) to offset the STBD's proposed 0.1 % sales tax increase.

**e) Is a public hearing required for this legislation?**

No.

**f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No.

**g) Does this legislation affect a piece of property?**

No.

**h) Other Issues:**

None.

**List attachments to the fiscal note below:**

None.