

**SUMMARY and FISCAL NOTE\***

<b>Department:</b>	<b>Dept. Contact/Phone:</b>	<b>CBO Contact/Phone:</b>
Legislative	Calvin Chow, x4-4652	N/A

*\* Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

**1. BILL SUMMARY****1. Legislation Title:**

AN ORDINANCE relating to employment in Seattle; requiring certain employers to offer employees the opportunity to use pre-tax earnings to purchase commuter benefits, other than parking, in accordance with federal law; adding a new Chapter 14.30 to the Seattle Municipal Code (SMC); and amending Sections 3.15.000 and 6.208.020 of the SMC.

**2. Summary and background of the Legislation:**

This legislation requires certain employers to offer a pre-tax commuter benefit program to their employees. A pre-tax commuter benefit program, as authorized under Internal Revenue Code section 132(f), allows employees to allocate up to \$255 per month from their paycheck for buses, light rail, ferry, water taxi, and vanpool commuting, and excludes these expenses from federal income tax and federal payroll tax. An employee's participation in such a program is voluntary.

This legislation covers employers with 20 or more employees, and requires that the pre-tax commuter benefit program be in place by no later than July 1, 2019. The legislation excludes governmental entities and tax-exempt organizations which would not qualify for payroll tax relief under the Internal Revenue Code. The legislation includes a provision that fully- or partially-subsidized, employer-provided, transit passes satisfy the requirements of the legislation. The legislation establishes enforcement powers that would become effective on July 1, 2020.

Other jurisdictions have enacted similar commuter benefits legislation, including San Francisco, California; Berkley, California; Richmond California; Washington, District of Columbia; and New York City, New York.

**2. CAPITAL IMPROVEMENT PROGRAM**

a. Does this legislation create, fund, or amend a CIP Project?     \_\_\_ Yes \_\_\_X\_\_\_ No

**3. SUMMARY OF FINANCIAL IMPLICATIONS**

a. Does this legislation amend the Adopted Budget?     \_\_\_ Yes \_\_\_X\_\_\_ No

- b. Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?**  
The legislation establishes an enforcement role for the Office of Labor Standards (OLS), beginning July 1, 2020. Enforcement is anticipated to be complaint based and may require additional resources in the 2020 budget. The legislation anticipates that the Seattle Department of Transportation (SDOT) will assist in education and outreach, as part of the department's on-going Commute Trip Reduction program. The 2018 budget included \$200,000 for SDOT to conduct pre-tax transit benefit program education and outreach. On-going resources to support these activities will need to be considered in future budget deliberations.
- c. Is there financial cost or other impacts of *not* implementing the legislation?**  
No.

#### 4. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?**  
The Office of Labor Standards would be responsible for enforcing the legislation. Seattle Department of Transportation would be responsible for outreach and education.
- b. Is a public hearing required for this legislation?**  
No.
- c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?**  
No.
- d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**  
No.
- e. Does this legislation affect a piece of property?**  
No.
- f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**  
No disproportionate impacts are anticipated. The legislation excludes employers with fewer than 20 employees, and employee participation is voluntary.
- g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**  
This legislation is expected to reduce single-occupancy-vehicle mode share through increased use of transit and other commuting options.

**List attachments/exhibits below:** None.