



SEATTLE CITY COUNCIL

Legislative Summary

CB 119402

Record No.: CB 119402

Type: Ordinance (Ord)

Status: Passed

Version: 2

Ord. no: Ord 125872

In Control: City Clerk

File Created: 10/30/2018

Final Action: 08/02/2019

Title: AN ORDINANCE related to funding for the Equitable Development Initiative and affordable housing; creating a fund for short-term rental tax revenue.

Date

Notes:

Filed with City Clerk:

Mayor's Signature:

Sponsors: O'Brien

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments: Mayor's Letter on Returning Bill Unsigned

Drafter: patrick.wigren@seattle.gov

Filing Requirements/Dept Action:

History of Legislative File

Legal Notice Published:

☐ Yes

☐ No

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Council President's Office	10/31/2018	sent for review	Select Budget Committee			
	Action Text: The Council Bill (CB) was sent for review. to the Select Budget Committee						
	Notes:						
1	City Council	11/05/2018	referred	Select Budget Committee			
	Action Text: The Council Bill (CB) was referred. to the Select Budget Committee						
	Notes:						
1	City Council	06/24/2019	re-referred	Finance and Neighborhoods Committee			
	Action Text: The Council Bill (CB) was re-referred. to the Finance and Neighborhoods Committee						
1	Finance and Neighborhoods Committee	06/26/2019	discussed				
	Action Text: The Council Bill (CB) was discussed in Committee.						

- 1 Finance and Neighborhoods Committee 07/10/2019 pass as amended Pass

Action Text: The Committee recommends that City Council pass as amended the Council Bill (CB).
In Favor: 4 Chair Bagshaw, Vice Chair González , Member Harrell, Alternate O'Brien
Opposed: 0

- 2 City Council 07/22/2019 passed Pass

Action Text: The Motion carried, the Council Bill (CB) was passed by the following vote, and the President signed the Bill:

Notes: ACTION 1:

Motion was made by Councilmember Pacheco and duly seconded, to amend Council Bill 119402, by amending Section 2, as shown in Attachment 1 to the Minutes.

The Motion failed by the following vote:

In Favor: 1 - Pacheco
Opposed: 7 - Bagshaw, González, Harrell, Herbold, Mosqueda, O'Brien, Sawant

ACTION 2:

Motion was made and duly seconded to pass Council Bill 119402.

In Favor: 7 Councilmember Bagshaw, Councilmember González , Council President Harrell, Councilmember Herbold, Councilmember Mosqueda, Councilmember O'Brien, Councilmember Sawant
Opposed: 1 Councilmember Pacheco

- 2 City Clerk 07/25/2019 submitted for Mayor's signature Mayor
2 Mayor 08/02/2019 returned unsigned
Action Text: The Council Bill (CB) was returned unsigned.
2 Mayor 08/02/2019 returned City Clerk
1 City Clerk 08/02/2019 attested by City Clerk
Action Text: The Ordinance (Ord) was attested by City Clerk.
-



City of Seattle
Mayor Jenny A. Durkan

FILED
CITY OF SEATTLE
19 AUG -2 PM 4:47
CITY CLERK

August 2, 2019

Monica Martinez Simmons
Seattle City Clerk
600 4th Avenue, 3rd Floor
Seattle, WA 98124

Dear Ms. Martinez Simmons,

I have returned Council Bill 119402 unsigned, understanding it will become law.

Having proposed it in last year's budget, I share Council's interest in using Short-Term Rental Tax revenues to further expand important City investments for community-initiated equitable development projects. However, we do need to pay the overhead associated with the program. Passing legislation that creates \$1.1 million in additional spending without identifying additional revenue or corresponding budget reductions is not a sound approach to building a fiscally responsible budget. Compounded with the \$6.3 million deficit created by Council Bill 119402 and the new, ongoing funding commitments of \$1.9 million directed for human services provider wages in Council Bill 119542, this bill will require cuts or decisions contrary to the 2020 Endorsed Budget.

I strongly support the Equitable Development Initiative (EDI) Program. My Proposed 2020 Budget will ensure EDI funding continues to be expanded.

Sincerely,

Jenny A. Durkan
Mayor of Seattle

CITY OF SEATTLE

ORDINANCE 125812

COUNCIL BILL 119402

AN ORDINANCE related to funding for the Equitable Development Initiative and affordable housing; creating a fund for short-term rental tax revenue.

WHEREAS, on November 13, 2017, the City Council passed Ordinance 125442, authorizing a tax on every person engaging within Seattle in the business of being a short-term rental operator, with specific direction on how the proceeds generated from the short-term rental tax should be expended; and

WHEREAS, on March 23, 2018, the Governor signed House Bill (HB) 2015, modifying the lodging excise tax under RCW 36.100.040 to remove the exemption for premises with fewer than 60 lodging units and to impose the tax on short-term rentals; and

WHEREAS, HB 2015 requires that a public facilities district within a county with a population of 1,500,000 or more must make quarterly payments to a city in which a convention and trade center is located from tax revenue from short-term rentals collected by a public facilities district only if: (1) the city had authorized on or before December 31, 2017, a tax on engaging in the business of being a short-term rental operator; and (2) the city has repealed the ordinance authorizing a tax on engaging in the business of being a short-term rental operator; and

WHEREAS, as a result of HB 2015, the public facilities district that operates the Washington State Convention Center will impose the lodging tax under RCW 36.100.040 on short-term rentals in Seattle; and

1 WHEREAS, in order to receive the tax revenue from short-term rentals as authorized by HB
2 2015, on June 4, 2018, the City Council passed Ordinance 125594, thereby repealing
3 Ordinance 125442, repealing the City's short-term rental tax that would have been
4 imposed under Chapter 5.54 of the Seattle Municipal Code beginning January 1, 2019;
5 and

6 WHEREAS, HB 2015 requires that the payments made to a city must be used to support
7 community-initiated equitable development and affordable housing programs, as
8 determined by the city in its sole discretion; NOW, THEREFORE,

9 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

10 Section 1. A new Short-Term Rental Tax Fund is created in the City Treasury effective
11 January 1, 2020, to which proceeds remitted to The City of Seattle ("City") from the Washington
12 State Convention Center Public Facilities District ("District"), from revenues collected by the
13 District derived from short-term rental activity within the City, must be deposited, and from
14 which expenditures may be paid for the purposes described in Section 2 of this ordinance. The
15 purpose of creating the Short-Term Rental Tax Fund is to separately account for revenues
16 received from the District and expended by City departments. The Fund shall receive earnings on
17 its positive balances and pay interest on its negative balances.

18 Section 2. The new Short-Term Rental Tax Fund shall receive revenues from the
19 payments made to the City from the District from revenue collected from short-term rentals in
20 Seattle. In accordance with HB 2015, the services funded by the proceeds of the short-term rental
21 tax shall support investments in affordable housing programs and community-initiated equitable
22 development projects, including but not limited to projects described in Resolution 31711. The
23 proceeds shall be used as follows:

1 A. The first \$5,000,000 of proceeds shall be directed to the Office of Planning and
2 Community Development for grants made to organizations for investments in community-
3 initiated equitable development projects. Grants made to organizations for community-initiated
4 equitable development projects can be used for community capacity building and project
5 development;

6 B. The next \$2,200,000 of proceeds shall be directed to debt service payments on
7 bonds issued for affordable housing projects until that debt is retired;

8 C. The next \$3,300,000 of the proceeds shall be directed to the Human Services
9 Department to support investments in permanent supportive housing;

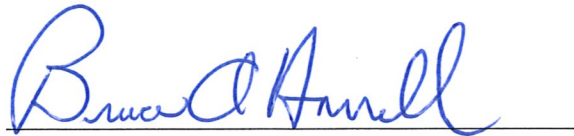
10 D. The next \$1,069,000 of proceeds shall be directed to the Office of Planning and
11 Community Development for consultant services, administration, and project management to
12 support the program that provides grants to organizations for investments in community-initiated
13 equitable development projects; and

14 E. Any remaining funds shall be directed to grants made to organizations for
15 investments in community-initiated equitable development projects.

16 Section 3. The Director of Finance is authorized to create other Accounts or Subaccounts
17 as may be needed to implement the Fund's purpose and intent as established by this ordinance.

Section 4. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the 22nd day of July, 2019,
and signed by me in open session in authentication of its passage this 22nd day of
July, 2019.



President _____ of the City Council

Approved by me this _____ day of _____, 2019.

**Returned Unsigned
by Mayor**

Jenny A. Durkan, Mayor

Filed by me this 2nd day of August, 2019.



Monica Martinez Simmons, City Clerk

(Seal)

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
LEG	Aly Pennucci/48148	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 related to funding for the Equitable Development Initiative and affordable housing; creating a fund for short-term rental tax revenue.
- 2. Summary and background of the Legislation:** This legislation would create a fund for revenues remitted from the Washington State Convention Center Public Facilities District that is generated from short-term rental activity in the City. This fund would ensure that monies deposited into this fund are expended in areas intended by the City Council in accordance with the statutory restrictions on the spending the tax revenues.

2. CAPITAL IMPROVEMENT PROGRAM

- a. **Does this legislation create, fund, or amend a CIP Project?** x Yes No
This legislation creates a fund.

Project Name:	Project I.D.:	Project Location:	Start Date:	End Date:	Total Project Cost Through 2022:

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?**
No
- 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?**
If so, please list the affected department(s) and the nature of the impact (financial, operational, etc.).
- b. **Is a public hearing required for this legislation?**
If yes, what public hearing(s) have been held to date, and/or what public hearing(s) are planned/required in the future?

c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

If yes, please describe the measures taken to comply with RCW 64.06.080.

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

For example, legislation related to sale of surplus property, condemnation, or certain capital projects with private partners may require publication of notice. If you aren't sure, please check with your lawyer. If publication of notice is required, describe any steps taken to comply with that requirement.

e. Does this legislation affect a piece of property?

If yes, and if a map or other visual representation of the property is not already included as an exhibit or attachment to the legislation itself, then you must include a map and/or other visual representation of the property and its location as an attachment to the fiscal note. Place a note on the map attached to the fiscal note that indicates the map is intended for illustrative or informational purposes only and is not intended to modify anything in the legislation.

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?

If yes, please explain how this legislation may impact vulnerable or historically disadvantaged communities. Using the racial equity toolkit is one way to help determine the legislation's impact on certain communities.

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 answer should highlight measurable outputs and outcomes.

List attachments/exhibits below:

STATE OF WASHINGTON -- KING COUNTY

--SS.

376764

No. 125871,872,873

CITY OF SEATTLE, CLERKS OFFICE

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

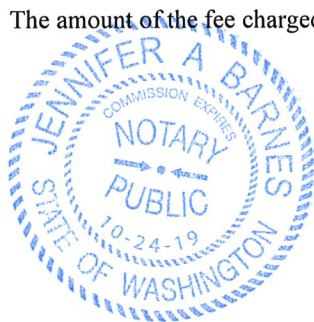
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

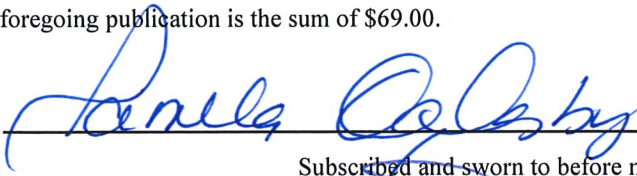
CT; TITLE ONLY ORDINANCES

was published on

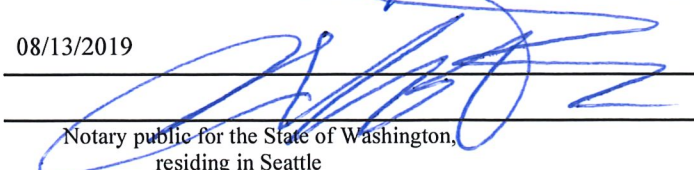
08/13/19

The amount of the fee charged for the foregoing publication is the sum of \$69.00.




Subscribed and sworn to before me on

08/13/2019


Notary public for the State of Washington,
residing in Seattle

Affidavit of Publication

State of Washington, King County

City of Seattle

Title Only Ordinances

The full text of the following legislation, passed by the City Council on July 22, 2019, and published below by title only, will be mailed upon request, or can be accessed at <http://seattle.legistar.com>. For information on upcoming meetings of the Seattle City Council, please visit <http://www.seattle.gov/council/calendar>.

Ordinance 125871

Council Bill 119570

AN ORDINANCE relating to Seattle Parks and Recreation; authorizing the acquisition of real property commonly known as 2318 NE 125th St.; authorizing acceptance and recording of the deed for open space, park, and recreation purposes; and ratifying and confirming certain prior acts.

Ordinance 125872

Council Bill 119402

AN ORDINANCE related to funding for the Equitable Development Initiative and affordable housing; creating a fund for short-term rental tax revenue.

Ordinance 125873

Council Bill 119537

AN ORDINANCE relating to the sale of low-income housing; requiring owners of certain multi-family rental housing to notify the Seattle Office of Housing, the Seattle Housing Authority, and tenants of the owner's proposed sale of that housing; and amending Sections 22.907.030 and 22.907.100 of the Seattle Municipal Code.

Date of publication in the Seattle Daily Journal of Commerce, August 13, 2019.

8/13(376764)