

Multi-Department Revenue Summary

JumpStart Payroll Expense Tax

The 2024 Adopted Budget includes \$329.6 million in appropriation backed by JumpStart Payroll Expense Tax (payroll tax) revenues.

The 2024 Endorsed Budget included an \$84.1 million transfer from the JumpStart Payroll Expense Tax Fund (payroll tax fund) to the City's General Fund to support general operating expenses. 2024 payroll tax revenues were forecasted to be \$311.5 million when the endorsed budget was passed. However, this forecast was reduced to \$305.7 million during the 2024 Adopted Budget deliberations. The City Council also made an increase to the tax rate during the budget process that is projected to increase total revenues by \$20 million in 2024. The City Council intended for this additional revenue to support mental health services for students in Seattle Public Schools through the City's Department of Education and Early Learning (DEEL).

The amount remaining after the General Fund transfers described above is allocated, with two exceptions, 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. The \$20 million for mental health investments budgeted in DEEL is another exception.

The resulting amount of payroll tax proceeds available after General Fund transfer totals \$244 million in 2024.

This includes:

Temporary Flexibility: \$2.8 million was authorized on a one-time basis in 2024 to support four existing specific investments in the endorsed budget. The existing 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 (SDCI) for eviction legal defense, and funding for the Office of Planning and Community Development to support outreach and planning related to Sound Transit 3.

Council passed a Council Budget Action that increases the Payroll Expense Tax rate to yield an additional ~\$20 million for mental health services in Seattle Public Schools; this additional investment is included in the adopted budget for the Department of Education and Early Learning.

Housing and Services: \$140.2 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: \$34.2 million in payroll tax-backed investments spread across thirteen City departments to support a wide range of economic development and affordability programs. In 2023, the Office of Economic Development (OED) finalized the Future of the Seattle Economy (FSE) report, which provides a community-informed investment framework for the City to promote inclusive economic growth. City Council passed a resolution in support of this report, Resolution 32099. The adopted budget allocates the \$34.2 million of economic revitalization investments in alignment with the FSE report. The adopted budget continues investments in the economic revitalization category that were appropriated in the 2024 Endorsed Budget and uses \$13 million of the total Economic Revitalization Reserve for new items that support commercial affordability, downtown and neighborhood economic recovery, and workforce development. The adopted budget includes funding for a position in the Office of Planning and Community Development for work related to the Downtown Activation Plan and a one-time \$1 million in the Seattle Department of Transportation for the management of the right-of-way to foster community building, placemaking, and economic vitality Downtown as part of the Downtown Activation Plan. It also includes a one-time \$300,000 investment in the Department of Neighborhoods for Chinatown-International District community capacity building. In the adopted budget, Council Budget Actions fund \$3.6 million of investments in the Office of Arts and Culture, Seattle Center, the Office of Labor Standards, Finance and Administrative Services, Parks and Recreation, the Human Services Department, and the Office of Economic Development. See the Council Budget Action sections of each of these departments' sections for further detail on these investments.

Green New Deal: The adopted budget makes technical changes to the 2024 Endorsed Budget for the Green New Deal category and includes one new investment from a Council Budget Action. The 2024 Endorsed Budget includes \$20.3 million spread across three City departments for Green New Deal programs and initiatives. Of this amount, over \$16 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 conversion.

Equitable Development Initiative: The adopted budget makes no changes to the 2024 Endorsed Budget for the Equitable Development Initiative category. The adopted budget supports 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 adopted budget provides a total of \$25.2 million for EDI grants, including contributions coming from the JumpStart Payroll Expense Tax, Short-Term Rental Tax, and Community Development Block Grant.

Administration and Evaluation: \$7.1 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. One of these transfers is \$2 million to cover costs not yet quantified through a formal central rate allocation formula. The other transfer is \$4.9 million to cover specific administrative and evaluation expenses identified in the City Budget Office, Department of Neighborhoods, Office of Economic Development, Office of

Sustainability and Environment, Department of Finance and Administrative Services, Seattle
 Department of Human Resources, and Legislative Department.

Department	Payroll Expense Tax Category	2024 Allocations (\$)
City Budget Office	Economic Revitalization	176,490
	CBO Total:	176,490
Department of Education and Early Learning	Temporary Flexibility (Mental Health in Schools)	21,000,000
	DEEL Total:	21,000,000
Department of Finance and Administrative Services	Economic Revitalization	900,000
	Green New Deal	1,286,235
	Temporary Flexibility	500
	FAS Total:	2,186,735
Department of Neighborhoods	Economic Revitalization	300,000
	DON Total:	300,000
Finance General	GF and Sweetened Beverage Tax Transfer	85,586,459
	Administration and Evaluation	7,141,200
	FG Total:	92,727,659
Human Services Department	Economic Revitalization	1,981,250
	HSD Total:	1,981,250
Office of Arts and Culture	Economic Revitalization	675,000
	ARTS Total:	675,000
Office of Economic Development	Economic Revitalization	25,781,034
	OED Total:	25,781,034
Office of Housing	Green New Deal	1,885,145
	Housing and Services	140,229,006
	OH Total:	142,114,151
Office of Immigrant and Refugee Affairs	Economic Revitalization	163,114
	OIRA Total:	163,114
Office of Labor Standards	Economic Revitalization	600,000
	OLS Total:	600,000
Office of Planning and Community Development	Economic Revitalization	870,405
	Equitable Development Initiative	20,458,731
	Temporary Flexibility (Sound Transit 3 Staffing)	155,572
	OPCD Total:	21,484,708
Office of Sustainability and Environment	Green New Deal	17,174,136
	OSE Total:	17,174,136
Seattle Center	Economic Revitalization	150,000
	CENTER Total:	150,000
Seattle Department of Construction and Inspections	Temporary Flexibility (Eviction Legal Defense)	455,000
	SDCI Total:	455,000
Seattle Department of Transportation	Economic Revitalization	1,000,000
	SDOT Total:	1,000,000
Seattle Information Technology Department	Economic Revitalization	566,274
	ITD Total:	566,274
Seattle Parks and Recreation	Economic Revitalization	1,080,000
	SPR Total:	1,080,000
Citywide Total:		329,615,550

Sweetened Beverage Tax

The proposed budget maintains Sweetened Beverage Tax (SBT) expenditures and programming at the original 2024 Endorsed Budget levels of \$22.4 million. 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. 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. All of these allocations are included in the proposed budget due to sufficient projected STRT revenues. In addition, the proposed budget shifts \$800,000 of Equitable Development staffing and other costs from the General Fund to Short-Term Rental Tax to relieve pressure on the General Fund given the growth in resources available to EDI. Another \$150,000 of STRT funds a new finance staff person in OPCD to support the EDI.

Transportation Network Company (TNC) Tax

The 2023-2024 Proposed Mid-Biennial Budget Adjustments projects \$5.5 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 2024 Proposed Budget assumes \$5.5 million of TNC tax revenue in 2024, a 6% reduction over the 2023 Adopted Budget revenue forecast and a 19% reduction over the 2024 Endorsed revenue forecast.

The previously passed Spending Resolution 31914 outlined how the proceeds of the TNC Tax were to be spent, which includes the 2023 preempted components. 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 \$162,000 in 2024. The Seattle Department of Transportation will receive appropriations of \$6.1 million in 2024 to support ongoing transportation-related work.