

Multi-Department Revenue Summary

Payroll Expense Tax

The 2025-2026 Proposed Budget includes \$520.3 million in appropriation backed by \$430 million in forecasted Payroll Expense Tax revenues and an additional \$90.3 million in one-time Payroll Tax fund balance resulting from a combination of underspend and revenues exceeding forecasts in prior years.

Of this amount, the proposed budget allocates \$85 million in one-time fund balance to support general government expenses in the General Fund. The proposed budget allocates an additional \$202 million of anticipated 2025 revenues for the same purpose, for a total allocation of \$287 million in Payroll Tax support for the General Fund in 2025. The proposed budget allocates \$223 million in anticipated 2026 revenues to support general government expenses in the General Fund in 2026.

The proposed budget also sets aside \$48.7 million in planning reserves in 2025, including a revenue stabilization reserve equivalent to 10% of forecasted 2025 revenues. The Executive proposes this reserve due to the continued volatility of Payroll Expense Tax revenues.

Of the remaining \$233.3 million in Payroll Tax proceeds appropriated in the proposed budget, \$15 million per year in 2025 and 2026 is allocated to the Department of Education and Early Learning and to the Department of Parks and Recreation for programming to support youth mental health. In addition, the payroll tax supports \$4.25 million in the Human Services Department in 2025 to pay for youth violence prevention programs. The proposed budget continues this investment in youth violence prevention in 2026 in the General Fund.

After General Fund transfers and investments in youth mental health and violence prevention, the proposed budget allocates \$214 million in 2025 and \$224 million in 2026 to support programming in the five spending categories of the Payroll Expense Tax spending plan outlined in Section 5.38.055 of the Seattle Municipal Code, which is amended in companion legislation transmitted by the Executive concurrently with the 2025-2026 Proposed Budget.

This includes:

Housing and Services: The proposed budget includes \$133 million in payroll tax-backed investments in 2025 for affordable housing for low-income households, representing 62 percent of Payroll Tax program spending after transfers to the General Fund and investments in youth mental health and violence prevention. This funding will support the Office of Housing's work to develop, acquire, preserve, and operate affordable housing and foster affordable homeownership opportunities, and to support the ongoing operations and maintenance needs of affordable housing providers. The proposed budget will also support approximately \$1.8 million per year in 2025 and 2026 for the Department of Construction and Inspections to provide tenant assistance for eviction prevention.

Economic Development: The proposed budget includes \$31.1 million in 2025 in payroll tax-backed investments spread across ten City departments to support a wide range of economic development and affordability programs. This amount represents 15 percent of Payroll Tax program spending after transfers to the General Fund and investments in youth mental health

and violence prevention. Of this amount, \$19.9 million is allocated to the Office of Economic Development to continue leading implementation of the Mayor's Downtown Activation Plan and OED's Future of Seattle's Economy Plan, which was supported by the City Council in Resolution 32099. Additional payroll tax-backed allocations will support investments in the Mayor's Downtown Activation Plan by Seattle Parks and Recreation and Seattle Center. The proposed budget also sets aside a reserve in Finance General for costs related to hosting the 2026 FIFA World Cup. The proposed budget includes \$1 million over the biennium for the Department and Finance and Administrative services for technology investments to support the expansion of OED's work with Business Improvement Areas. The proposed budget includes over \$1m in each year to support an affordability program in the Information Technology Department, as well as economic opportunity investments in the Office of Immigrant and Refugee Affairs and the Human Services Department. In addition, the proposed budget includes \$350,000 to conduct additional environmental review related to proposed zoning changes within existing Regional and Urban Centers to allow more height and development capacity for housing.

Green New Deal: The proposed budget includes \$18.3 million in 2025 for payroll tax-backed investments in the Seattle Green New Deal, which aims to make Seattle carbon neutral by 2050. This funding amount represents 9 percent of payroll tax program spending after transfers to the General Fund and investments in youth mental health and violence prevention and allows the city to continue the bulk of ongoing Green New Deal (GND) initiatives from the 2023 and 2024 Adopted Budgets. The proposed budget includes full funding at OSE for the Building Emissions and Performance Standards (BEPS) program and the Clean Buildings Accelerator, which provides technical assistance and funding for low-income building owners to comply with BEPS and new state energy code requirements. Continued funding at OSE and other departments such as Office of Housing and Finance and Administrative Services will also support electrification and energy retrofits for homes, municipal buildings, transportation electrification, EV charging infrastructure, and urban forestry. To reduce transportation-related emissions, GND funds will also support Seattle Transit 3 (ST3) staffing to oversee and support project delivery in Seattle. Payroll tax supported GND funding is leveraged with additional federal and state grants for climate initiatives. In 2024, over \$35 million in external funding was awarded to the City of Seattle, with more awards anticipated.

Equitable Development Initiative: The proposed budget includes \$22 million in 2025 in payroll tax-backed investment in the Equitable Development Initiative (EDI) grants, program implementation and staffing costs in the Office of Planning and Community Development. This amount represents 10 percent of payroll tax program spending after transfers to the General Fund and investments in youth mental health and violence prevention. 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 proposed budget provides a total of \$28.3 million for EDI grants and program implementation, including contributions coming from the Payroll Expense Tax and Short-Term Rental Tax.

Administration and Evaluation: The proposed budget includes \$9.6 million in 2025 to support the administration of the payroll tax and the evaluation of the programs funded by its proceeds. This amount represents 4% of payroll tax program spending after transfers to the General Fund

and investments in youth mental health and violence prevention, and is shown in the budget as a transfer from the Payroll Tax Fund to the General Fund in Finance General. This amount covers specific costs related to administering the payroll tax in the Department of Finance and Administrative Services and City Finance, as well as increased staffing levels in the Department of Human Resources, City Budget Office and the Legislative department added in prior budgets. This transfer also covers administrative costs to the General Fund that are not captured through a formal allocation formula.

Department	Program Area	2025 Allocation (\$)	2026 Allocation (\$)
Department of Education and Early Learning	Youth Mental Health	13,900,000	14,400,000
	DEEL Total:	13,900,000	14,400,000
Department of Finance and Administrative Services	Green New Deal	2,302,938	2,892,162
	Economic Development	500,000	500,000
	FAS Total:	2,802,938	3,392,162
Finance General	PET Fund Balance to Support GF	85,000,000	-
	Current Year Revenue to Support GF	202,000,000	223,000,000
	PET Administration and Evaluation	9,591,400	10,039,596
	Housing and Services	333,333	333,333
	Economic Development	2,000,000	4,000,000
	Green New Deal	1,442,889	1,558,106
	FG Total:	300,367,622	238,931,035
Human Services Department	Economic Development	3,868,425	3,930,478
	Youth Violence Prevention	4,250,000	-
	HSD Total:	8,118,425	3,930,478
Office of Economic Development	Economic Development	19,934,512	19,633,742
	OED Total:	19,934,512	19,633,742
Office of Housing	Housing and Services	130,958,652	137,175,942
	Green New Deal	1,885,145	1,885,145
	OH Total:	132,843,797	139,061,087
Office of Immigrant and Refugee Affairs	Economic Development	142,227	151,567
	OIRA Total:	142,227	151,567
Office of Planning and Community Development	Equitable Development Initiative	22,040,000	23,069,908
	Economic Development	1,089,947	412,560
	Green New Deal	186,440	198,089
	OPCD Total:	23,316,387	23,680,557
Office of Sustainability and Environment	Green New Deal	12,042,588	12,179,301
	OSE Total:	12,042,588	12,179,301
Seattle Center	Economic Development	591,308	254,366
	Green New Deal	195,000	195,000
	CENTER Total:	786,308	449,366
Seattle Department of Construction and Inspections	Housing and Services	1,758,015	1,758,015
	SDCI Total:	1,758,015	1,758,015
Seattle Department of Transportation	Economic Development	250,000	-
	SDOT Total:	250,000	-
Seattle Information Technology Department	Economic Development	1,114,246	1,124,176
	ITD Total:	1,114,246	1,124,176
Seattle Parks and Recreation	Economic Development	1,577,936	2,513,516
	Youth Mental Health	1,100,000	600,000
	Green New Deal	195,000	195,000
	SPR Total:	2,872,936	3,308,516
Citywide Total:		520,250,000	462,000,000

Sweetened Beverage Tax

Revenues declined in 2024 compared to forecast and continue to decline over the 2025-2026 biennium (about \$1 million per year). Use of SBT fund balance allows for a small increase in 2025 for labor settlements and contract inflation costs. While the 2026 budget maintains funding for Fresh Bucks and Healthy Food in Schools and for Parks programming, several departments will be implementing an 8% reductions. Reductions are made to the Department of Education and Early Learning's Developmental Bridge Contract, ParentChild+ Contract, and the Child Care Health Program. The Department of Neighborhoods' Food Equity Fund (FEF) will support 3-5 fewer awards each year for community-led projects. Human Services Department funding for produce bags for in-home family childcare providers (aka Farm to Child Care pilot) will be eliminated.

Short-Term Rental Tax

Ordinance 125872 and state law restrict the use of Short –Term Rental Tax (STRT) for equitable development and affordable housing. The proposed budget allocates \$6.2 million to the Office of Planning and Community Development (OPCD) for Equitable Development Initiative (EDI) grants to outside organizations, program implementation, and EDI staffing costs; \$3.86 million to the Human Services Department for permanent supportive housing, and \$2 million to 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.

Transportation Network Company (TNC) Tax

The 2025-2026 Proposed Budget projects \$5.7 million in 2025 and \$5.8 million in 2026 from the Transportation Network Company (TNC) tax. The TNC Tax began collecting revenue in 2021 and has seen a slower rebound of users and a reduction in revenue due to the creation of a state led Transportation Network Company tax. Washington State Engrossed Substitute House Bill 2076 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.

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 Proposed Budget includes temporary modifications to the spending resolution for the 2025-2026 biennium. The Department of Finance and Administrative Services (FAS) is responsible for the accounting, collection, and enforcement of the tax and is appropriated \$350,000 in 2025. The remainder of the TNC Tax revenue will be used to make investments in transportation, including transit, and to support other City General Fund activities.

Admissions Tax

Over the 2025-2026 Biennium, the admissions tax is projected to generate \$30.8 million to support City arts and culture programs. Admissions tax revenue supports grants for arts and cultural organization, cultural facilities, grants for individual artists as well as other investments to support the arts community in the City. The Proposed Budget includes appropriations out of the Arts and Culture Fund to three City departments which have arts and culture-related spending. It also includes legislation to broaden the uses of Admissions Tax to support arts and culture investments throughout city departments. The Office of Arts and Culture, Seattle Center and Seattle Parks and Recreation budgets use Admissions Tax to support arts and culture spending.

