

Briefing Sheet: Solid Waste Utility Tax Increase

Since 2005, a local B&O tax rate of 11.5% has been applied to the total gross income (minus income from certain activities) gained from collection of solid waste in the City. The taxes are incorporated in the solid waste utility rates paid by Seattle Public Utilities (SPU) customers and the tax revenues are deposited in the City's General Subfund. This legislation increases the tax rate on income from solid waste collection by 2.7% to a total of 14.2%, effective April 1, 2017. The net impact of this change is an increase to General Subfund tax revenues of \$3.2M in 2017 and \$4.4M million in 2018.

If adopted, the new tax rate would be effective on the same date as changes to the Solid Waste Utility rates. This timing allows SPU to plan for this change within their rates. This tax change has been assumed in the companion rate legislation before Council today.

Proposed Spending Plan

The additional revenue would fund ongoing and expanded activities in the Clean City Program (a public garbage program administered by SPU on behalf of the City at large) and provide continued funding for the State of Emergency on Homelessness programs. Specifically, added funding to the Clean City Program will pay for services that include graffiti clean-up, illegal dumping, and litter pick-up in city parks and the right-of-way. In addition to expansion of the Clean City Program, these revenues would fund continuing ongoing programs that support the State of Emergency on Homelessness. Table 1 shows proposed use of the additional tax revenue. The plan assumes some initial work to be completed in 2016.

Table 1: Proposed Solid Waste Tax Revenue Spending Plan

Planned Revenue	2016	2017	2018
Solid Waste Tax Revenue	0	\$3,200,000	\$4,400,000
Programs and Costs			
Illegal Dumping Response at 10 days or less		(\$1,125,000)	(\$1,155,000)
BIA Capacity and Waste Collection Pilots	(\$200,000)	(\$720,000)	(\$655,000)
Clean City Program Administrative Costs		(\$60,000)	(\$130,000)
Encampment Outreach		(\$500,000)	(\$500,000)
Navigation Center (Partial funding)		(\$800,000)	(\$800,000)
Sanctioned Encampments		(\$513,000)	(\$513,000)
<i>Annual Total Cost</i>	(\$200,000)	(\$3,718,000)	(\$3,753,000)
<i>Annual Available Funding</i>	(\$200,000)	(\$518,000)	\$647,000
Total Available Funding 2016-2018			(\$71,000)

These proposals will be included in the Mayor's 2017- 2018 Proposed Budget that will be submitted for Council consideration in September.