Department:	Rule No:	Supersedes:
City of Seattle **Department of Finance and Administrative Services**	FOR-HIRE TRANSPORTATION-01-2023	Clerk File 321708
	Publication: 11/23/2022	Effective: 1/1/2023
Subject: TNC License Fee	Code and Section Reference(s): SMC 6.310.150.B and .C SMC 6.310.140 (rulemaking authority)	
Approved: Beth Gappert Division Director Sherri Crawford Business Unit Officer Kiersten Grove, Deputy Department Director	 December 16, 2022 Date December 19, 2022 Date December 21, 2022 Date	

Rule FOR-HIRE TRANSPORTATION-01-2023
TNC License Fee
(SMC 6.310.150.B and .C)

The Seattle Municipal Code authorizes the Director of the Department of Finance and Administrative Services (FAS) or his or her designee (the Department Director) to adjust any of the fees applicable to taxi associations, taxicabs, for-hire vehicles, transportation network companies (TNCs) and for-hire drivers after considering the following nonexclusive factors:

- The projected costs and annual budget allotted for enforcement and regulatory costs across the for-hire transportation industry,
- The need for increased street inspection in order to reduce illegal activity,
- The total number of trips originating in Seattle across the for-hire transportation industry, and
- The administrative burden of issuing additional taxicab licenses, TNC licenses, for-hire driver's licenses and TNC vehicle endorsements.

The purpose of any adjustment is to ensure that the per-ride fee covers the estimated enforcement and regulatory costs to license TNCs and endorse and license TNC affiliated vehicles and drivers.

Effective January 1, 2023, the TNC license fee shall be $0.18 per ride originating within the Seattle city limits.

Per section 46.72B.190 Revised Code of Washington, the Department Director submitted to the Washington State Department of Licensing (DOL) evidence that the existing fee amount does not sufficiently cover FAS' costs for enforcement and regulation (please see exhibit A to this rule). DOL approved the Department Director's request on November 22, 2022 (please see exhibit B to this rule).

Seattle
Facilities &
Administrative Services

EXHIBIT A

October 18, 2022

Kelsey Stone
Washington State Department of Licensing
1125 Washington St SE
#48006
Olympia, WA 98501

Sent via email to Kelsey.Stone@DOL.WA.GOV

Dear Ms. Stone,

Please consider this letter the City of Seattle's (the City's) formal request to adjust its per ride license fee paid by transportation network companies (TNCs) operating within the city. Per RCW 46.72.190.B and the procedure set forth by the Department of Licensing (DOL), the letter contains the following information:

1. The estimated budget for the City's TNC regulatory program for the fiscal period for which the adjusted license fee will first apply;

2. The revenue projections for the proposed license fee for the same period as above; and

3. Effective date of the proposed fee adjustment.

The City's current license fee is $0.08 per ride, and TNCs remit fees to the City on a quarterly basis. Table A illustrates revenues and expenditures in 2020 and 2021 for the City's TNC regulatory program. Shortfalls occurred in both years.

Table A. Historical TNC Revenues and Expenditures

TNC Program	**2020**	**2021**
Revenues	1,015,378	677,411
Expenditures	1,135,700	932,049
Surplus/Shortfall	**(120,322)**	**(254,638)**

Notes:
- Per Ordinance 125975, the license fee decreased from $0.14 to $0.08 per ride on July 1, 2020.
- Expenditures include personnel, non-personnel administrative, and technology costs associated with the TNC regulatory program.

The City requests approval by DOL to increase its license fee to $0.18 per ride starting January 1, 2023. Table B illustrates expected revenues with the increased license fee amount and expected expenditures in 2023 and 2024. The City expects a small surplus in 2023 and a shortfall in 2024.

Table B. Projected TNC Revenues and Expenditures

TNC Program	2023 Est.	2024 Est.
Revenues	1,573,550	1,821,700
Expenditures	1,510,300	1,850,300
Surplus/Shortfall	**63,250**	**(28,600)**

Notes:

- The City projects 8.7 million TNC rides in 2023 and 10.1 million TNC rides in 2024.
- Expenditures include personnel, non-personnel administrative, and technology costs associated with the TNC regulatory program.

If DOL approves the City's request, then the City will issue an administrative rule to formalize the decision. In doing so, the City will follow its required public notification and comment period before the new license fee amount takes effect on the desired date of January 1, 2023.

The City understands that DOL will review and respond to the City's request within four weeks. The City looks forward to hearing from you by November 18, 2022. Please contact Matthew Eng (matthew.eng@seattle.gov or 206-348-7809) with any questions.

Thank you,

Beth Gappert
Director, Consumer Protection Division
Department of Facilities and Administrative Services
City of Seattle

EXHIBIT B

STATE OF WASHINGTON
DEPARTMENT OF LICENSING
PO Box 9020 • Olympia, Washington 98507-9020

November 22, 2022

Beth Gappert
City of Seattle
Facilities & Administrative Services
Consumer Protection Division
PO Box 94785
Seattle, WA 98124

Dear Beth Gappert:

In accordance with RCW 46.72B.190(2)(c), the Department of Licensing is required to review proposals for transportation network companies' fee adjustments. To be approved, proposals must demonstrate that revenue from the existing per-ride fee is insufficient to offset the cost of enforcement and regulation and that the total amount collected under the increased fee will not exceed total expected costs of enforcement and regulation. Additionally, the Department may only authorize a per-ride fee increase once every two fiscal years.

The Department of Licensing has reviewed the City of Seattle's formal request to adjust its per-ride license fee paid by transportation network companies operating within the city from $0.08 per ride, to $0.18 per ride starting January 1, 2023. The Department is approving this request as it meets the requirements for revenue and cost demonstrations, and the Department has not authorized a per-ride fee increase within the past two fiscal years.

Please consider this letter the Department of Licensing's official approval of your request submitted on October 18, 2022.

Sincerely,

Teresa Berntsen

Teresa Berntsen
Director

We are committed to providing equal access to our services.
For more information, visit dol.wa.gov/access. (TDD/TTY call 711).